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1922

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FOR A MIXED CLAIMS COMMISSION**

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June 22 (87)	<i>To the Ambassador in Germany (tel.)</i> Draft agreement regarding Claims Commission (text printed).	246
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July 17 (141)	<i>From the Ambassador in Germany (tel.)</i> Outline of Foreign Office revisions of draft agreement; German expectation of return of property held in United States.	250
July 21	<i>From the Chairman of the Senate Judiciary Committee</i> Request for views on bill to amend Trading with the Enemy Act, providing for establishment of Claims Commission of U. S. citizens and satisfaction of claims out of detained German and Austrian property.	251
July 29	<i>To the Chairman of the Senate Judiciary Committee</i> Unfavorable opinion of bill to amend Trading with the Enemy Act, in view of prospective conclusion of agreement with Germany.	252
July 29 (104)	<i>To the Ambassador in Germany (tel.)</i> Instructions to present U. S. reply to counterproposals regarding claims agreement, and to urge signature of agreement without alterations in order to forestall Congressional action.	255
Aug. 2 (153)	<i>From the Ambassador in Germany (tel.)</i> German acceptance of form of agreement approved in Department's telegram no. 104, July 29; German observations on scope of claims.	256

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AGREEMENT, AUGUST 10, 1922, BETWEEN THE UNITED STATES AND GERMANY
FOR A MIXED CLAIMS COMMISSION—Continued

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1922 Aug. 5 (105)	<i>To the Ambassador in Germany (tel.)</i> Instructions to communicate U. S. assurances regarding scope of claims to be presented and U. S. view that time limit on presentation should be fixed by exchange of notes; arrangements for appointment of U. S. umpire and publication of agreement.	257
Aug. 7 (158)	<i>From the Ambassador in Germany (tel.)</i> Foreign Office proposal of alteration in wording of U. S. assurances regarding scope of claims.	259
Aug. 7 (159)	<i>From the Ambassador in Germany (tel.)</i> Draft note from Foreign Office (text printed) requesting the President of the United States to appoint an umpire; note to be presented upon signature of claims agreement.	259
Aug. 8 (108)	<i>To the Ambassador in Germany (tel.)</i> Refusal to accede to alteration of wording of U. S. assurances regarding scope of claims.	260
Aug. 10	<i>To President Harding</i> Information concerning signature of agreement and request for approval of press statement containing texts of agreement and German request that President name umpire. (Footnote: President Harding's approval.)	261
Undated [Rec'd Aug. 10]	<i>From President Harding</i> Instructions to give emphasis in press statement to German request that President name umpire.	262
Aug. 10	<i>Agreement between the United States of America and Germany</i> Providing for the submission of claims to a mixed commission.	262
Aug. 10 (III A 2451)	<i>The German Chancellor to the American Ambassador</i> Understanding as to scope of U. S. claims.	264
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May 8 (63)	<i>To the Ambassador in Germany (tel.)</i> Information that revival of patent agreement of 1909 involves no negotiations, notice in terms of note telegraphed being sufficient.	267
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NEGOTIATIONS TO ENSURE BY TREATY THE RIGHTS OF THE UNITED STATES IN
TERRITORIES UNDER BRITISH MANDATE

PALESTINE

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Jan. 27	<i>To Mr. A. J. Balfour</i> U. S. reasons for desiring treaty reciting mandate in full and containing undertakings for the protection of U. S. rights and interests.	269
Apr. 3 (96)	<i>To the Ambassador in Great Britain (tel.)</i> Note to Lord Curzon (text printed) containing U. S. suggestions concerning mandate and treaty provisions covering capitulatory rights, discrimination, missionaries and religious freedom, and modification of mandate.	271
May 1 (199)	<i>From the Ambassador in Great Britain (tel.)</i> Note from Foreign Office, April 29 (text printed) accepting U. S. treaty proposals, suggesting provisions in treaty and modification of article 28 of mandate to cover capitulatory rights in event of termination of mandate, and requesting U. S. consent to lay correspondence before League Council.	275
May 8 (134)	<i>To the Ambassador in Great Britain (tel.)</i> Note to Foreign Office (text printed) suggesting that alteration of article 8 of mandate would make unnecessary amendment of article 28; refusal of request to lay correspondence before League Council.	276
May 10 (136)	<i>To the Ambassador in Great Britain (tel.)</i> Instructions to inform Foreign Office of U. S. intention to make an announcement, May 11 (text printed) of points agreed upon between the United States and Great Britain.	278
May 17 (1314)	<i>From the Ambassador in Great Britain</i> Note from Foreign Office, May 16 (text printed) agreeing to modification of article 8 of mandate and consequent lack of need to modify article 28.	279
May 26 (1916)	<i>From the Ambassador in France</i> Note dated May 18 from the Turkish Diplomatic Mission at Paris (text printed) protesting against any decision as to Palestine mandate prior to conclusion of peace.	280
July 5 (512)	<i>From the British Chargé</i> Draft convention (text printed) regarding mandate for Palestine.	281
July 10 (524)	<i>From the British Chargé</i> Alternative draft of article 14 of the mandate for Palestine (text printed) providing for the appointment, subject to League approval, of a commission to decide existing rights in the Holy Places, etc., in Palestine. Desire that U. S. should not be without representation on commission.	284

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July 15 (545)	<i>From the British Charge</i> Revised final draft of the mandate for Palestine (text printed).	292
July 18 (300)	<i>From the Ambassador in Great Britain (tel.)</i> Information concerning League Council action on mandates; growing British sentiment against Palestine mandate.	300
Aug. 3 (335)	<i>From the Ambassador in Great Britain (tel.)</i> Note from Foreign Office, August 2 (excerpt printed) expressing opinion that convention should conform with similar conventions respecting mandates and explaining certain changes in article 8 of mandate approved by League Council.	301
Aug. 8	<i>To the British Charge</i> Presumption that final form of draft mandate submitted July 15 is susceptible of modification as result of U. S. observations of July 12.	302
Aug. 18	<i>To the British Ambassador</i> Acknowledgment of British note concerning measures for the protection of the Holy Places in Palestine.	302
Sept. 5 (680)	<i>From the British Ambassador</i> Advice that counterdraft of convention will be furnished at an early date, but that terms of mandate cannot be reconsidered as mandate has been formally approved by League Council.	303
Oct. 6	<i>To the Vice Consul at Jerusalem (tel.)</i> Instructions to continue to exercise capitulatory and other rights, pending conclusion of negotiations with British Government relative to terms upon which Palestine mandate is acceptable to United States.	303
Oct. 11 (1748)	<i>From the Ambassador in Great Britain</i> Note from Foreign Office, October 2 (text printed) accepting operative clauses of U. S. counterdraft, with slight modifications, and suggesting certain changes in the preamble to provide for specific allusion to national home for Jewish people in Palestine. British counterdraft of convention (text printed).	304
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Jan. 20	<i>To the British Embassy</i> Suggestion that conclusion of convention be delayed until termination of peace negotiations with Turkey at Lausanne.	310

GREAT BRITAIN

NEGOTIATIONS TO ENSURE BY TREATY THE RIGHTS OF THE UNITED STATES IN
TERRITORIES UNDER BRITISH MANDATE—Continued

AFRICAN TERRITORIES

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1922 Apr. 4 (97)	<i>To the Ambassador in Great Britain (tel.)</i> Note to Lord Curzon (text printed) containing U. S. suggestions regarding discrimination, missionaries and religious freedom, administrative unions, modification of mandate, and extradition for incorporation into mandates and treaties concerning East Africa, Togoland, and the Cameroons.	310
Undated [Rec'd June 29]	<i>From the British Chargé</i> Draft convention regarding East Africa (text printed), modeled upon Japanese-American treaty in regard to Yap. Draft mandate for East Africa (text printed).	314
July 8	<i>To the British Embassy</i> Suggested modification of preamble and certain articles of convention for East Africa; also modification of article 8 of mandate. Information that suggestions apply likewise to conventions and mandates for Togoland and the Cameroons.	322
July 10 (199)	<i>To the Ambassador in Great Britain (tel.)</i> Counterdraft of convention concerning East Africa (text printed). Information that text applies <i>mutatis mutandis</i> to mandates for Togoland and the Cameroons.	325
July 17 (554)	<i>From the British Chargé</i> Acceptance of U. S. suggestions concerning operative clauses of convention, preamble wording to be left until League Council issues mandates. Suggestion that article 8 of mandate be made to agree with similar article in Yap treaty.	327
July 18	<i>To the British Chargé</i> Acceptance of suggested wording of article 8 of mandate, conditional upon insertion in convention of an article on religious freedom and education.	328
Aug. 14 (627)	<i>From the British Ambassador</i> Acceptance of suggested use of word "consents" in convention instead of "concur."	330
Sept. 30 (W7965/ 1110/98)	<i>The British Secretary of State for Foreign Affairs to the American Ambassador</i> Hope that United States will not press proposal to insert in convention an article on religious freedom and education; desire that wording of preamble follow that of convention regarding Palestine mandate.	330

NEGOTIATIONS BY AMERICAN OIL COMPANIES FOR A SHARE WITH OTHER FOREIGN
INTERESTS IN EXPLOITING THE MESOPOTAMIAN OIL FIELDS

1922 Feb. 11 (99)	<i>From the British Ambassador</i> Article from <i>International Petroleum Reporter</i> of January 25 (text printed) containing information that British Board of Trade holds 25 percent of stock of Turkish Petroleum Co., its investment amounting to £40,000. Denial that British Government owns any stock in company; explanation that 25 percent of stock of company in hands of Alien Property Custodian is to be transferred to French interests under San Remo Agreement.	333
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GREAT BRITAIN

NEGOTIATIONS BY AMERICAN OIL COMPANIES FOR A SHARE WITH OTHER FOREIGN INTERESTS IN EXPLOITING THE MESOPOTAMIAN OIL FIELDS—Continued

Date and number	Subject	Page
1922 Feb. 27	<i>To the British Ambassador</i> Desire for further information as to ownership of stock of Turkish Petroleum Co., in view of 1921 report of company showing British Board of Trade's investments in company up to September 1921 amounted to £40,000. Maintenance of position that San Remo Agreement is not applicable to disposition of economic opportunities in mandated territories.	335
May 3 (343)	<i>From the British Ambassador</i> Explanation that holding of British Board of Trade in Turkish Petroleum Co. is temporary and is for ultimate transfer to French interests.	336
June 24 (185)	<i>To the Ambassador in Great Britain (tel.)</i> Advice that U. S. has no objections to negotiations between U. S. and British interests, provided all U. S. companies desiring to participate shall be included in the arrangements and that validity of claims of Turkish Petroleum Co. shall not be recognized except upon determination satisfactory to the United States.	337
June 27	<i>From the Chairman of the Board of Directors, Standard Oil Company of New Jersey</i> Telegram to Anglo-Persian Oil Co., June 26 (text printed) conveying information of State Department's consent to U. S. participation under certain conditions.	338
Aug. 4 (339)	<i>From the Ambassador in Great Britain (tel.)</i> Status of negotiations for U. S. participation in Turkish Petroleum Co., no agreement having been reached.	339
Undated [Rec'd Aug. 16]	<i>Memorandum of Negotiations in London between American Oil Interests and the Turkish Petroleum Company</i> Memorandum dated July 21 (text printed) of an arrangement on proposed future activities of the Turkish Petroleum Co.	340
Aug. 22	<i>To the President of the Standard Oil Company of New Jersey</i> Opinion that arrangement contained in memorandum of July 21 would not be contrary to open-door policy provided participation of U. S. companies is fair and no attempt is made to establish a monopoly in favor of Turkish Petroleum Co.	342
Aug. 25	<i>From the President of the Standard Oil Company of New Jersey</i> Assurance that companies constituting U. S. group are the only U. S. companies interested in oil development in Mesopotamia.	344
Nov. 26 (24)	<i>From the Special Mission at Lausanne (tel.)</i> Information that Great Britain may seek withdrawal from Mesopotamia in return for concession advantages, especially petroleum concessions. Request for instructions.	345
Nov. 27 (13)	<i>To the Special Mission at Lausanne (tel.)</i> Advice that United States will support U. S. companies in obtaining adequate participation in Mesopotamian development, if Mesopotamia remains under British mandate; that United States will refuse acquiescence in any monopolistic concession in Mosul area resulting from political trade.	346

GREAT BRITAIN

NEGOTIATIONS BY AMERICAN OIL COMPANIES FOR A SHARE WITH OTHER FOREIGN INTERESTS IN EXPLOITING THE MESOPOTAMIAN OIL FIELDS—Continued

Date and number	Subject	Page
1922 Dec. 13	<i>From the President of the Standard Oil Company of New Jersey</i> Telegram dated December 12 from London representative (text printed) reporting agreement reached for U. S. participation in Turkish Petroleum Co., subject to U. S. acknowledgment that agreement satisfies U. S. claims to participation in oil resources in Mesopotamia and that United States will not question title of Turkish Petroleum Co. Reply to telegram (text printed).	347
Dec. 15	<i>To the President of the Standard Oil Company of New Jersey</i> Maintenance of U. S. position as to the invalidity of the Turkish Petroleum Co.'s concession; refusal to support any U. S. group in arrangement to exclusion of any other U. S. concerns.	348
Dec. 22	<i>From the President of the Standard Oil Company of New Jersey</i> Exchange of telegrams with London representative (texts printed) concerning U. S. position on invalidity of Turkish Petroleum Co.'s concession and refusal to support any U. S. company or group in preference to or in exclusion of any other U. S. concerns.	349
Dec. 30	<i>To the President of the Standard Oil Company of New Jersey</i> Reiteration of U. S. position of neutrality in all questions of title and competing U. S. claims.	351

DISCRIMINATION IN INDIA AGAINST AMERICAN OIL COMPANIES

1922 Feb. 24	<i>From the Standard Oil Company of New York</i> Contention that British Government follows a well-defined policy of discrimination against other than British nationals in granting concessions, this policy having been in force in India and Burma for 38 years. Review of company's records showing discriminatory acts and regulations of British officials in India and Burma over long period.	352
May 18 (380)	<i>From the British Ambassador</i> Assurance that regulations governing exploitation of oil in India and Burma are being collected for communication to United States as requested. Desire that United States no longer delay repudiating documents printed in Senate document.	356
June 10	<i>To the British Ambassador</i> Assurance that United States will make announcement concerning spurious documents; but that announcement must be accompanied by statement as to exclusion of U. S. companies from Burma, unless British Government is prepared to give assurance that no exclusion of U. S. nationals is intended.	357

GREAT BRITAIN

OPPOSITION OF THE BRITISH GOVERNMENT TO THE GRANTING BY PORTUGAL OF CONCESSIONS TO AMERICAN COMPANIES FOR LANDING CABLES IN THE AZORES

Date and number	Subject	Page
1922 June 23 (184)	<i>To the Ambassador in Great Britain (tel.)</i> Information concerning the active opposition of British Minister at Lisbon to applications of Western Union Telegraph Co. and Commercial Cable Co. for concessions to land and operate cables at Azores. Instructions to communicate to Foreign Office the Department's keen disappointment at British opposition and inability to reconcile British position with previous statements; also to intimate that prompt withdrawal of opposition may avert impending discussion of subject in Senate and press.	359
June 23	<i>To the Portuguese Minister (tel.)</i> Department's knowledge of British opposition to applications of Western Union and Commercial Cable Co. for concessions to land and operate cables at Azores; desire that applications receive favorable and prompt action.	359
June 24	<i>From the Portuguese Minister (tel.)</i> Advice that substance of Department's telegram of June 23 has been cabled to Government.	360
June 27 (47)	<i>To the Minister in Portugal (tel.)</i> Instructions to request Foreign Office to submit to representative of Commercial Cable Co. form of concession desired and to endeavor to have concession submitted to Cortes for ratification before adjournment.	360
June 29 (264)	<i>From the Ambassador in Great Britain (tel.)</i> Foreign Office declaration that it is fully aware of activities of Minister at Lisbon; intimation that his activities were in accordance with instructions and that British attitude of opposition will be maintained as long as United States refuses to grant license to Western Union to land cable at Miami.	360
July 1 (192)	<i>To the Ambassador in Great Britain (tel.)</i> Refusal to admit any relation between efforts of U. S. companies to obtain concession at Azores and application of Western Union to land cable at Miami, inasmuch as United States is withholding privilege from American company while Great Britain is seeking to interfere with freedom of action of Portuguese Government and is opposing efforts of U. S. companies to obtain facilities in Portuguese territory. U. S. conditions for granting license to land cable at Miami.	361
July 3 (270)	<i>From the Ambassador in Great Britain (tel.)</i> Foreign Office understanding that Western Union has fulfilled U. S. conditions for granting license to land cable at Miami; inquiry as to what further conditions remain unfulfilled; intimation that opposition to concession in Azores would not cease even were Miami permit granted.	362
July 17 (210)	<i>To the Ambassador in Great Britain (tel.)</i> Instructions to inform Foreign Office that granting of license to land cable at Miami awaits Argentine acquiescence in waivers of Western Telegraph Co.; and to convey U. S. feeling that British Government is unwarranted in its opposition to Azores concession.	362

GREAT BRITAIN

OPPOSITION OF THE BRITISH GOVERNMENT TO THE GRANTING BY PORTUGAL OF CONCESSIONS TO AMERICAN COMPANIES, ETC.—Continued

Date and number	Subject	Page
1922 July 18 (301)	<i>From the Ambassador in Great Britain (tel.)</i> Compliance with Department's instructions regarding representations.	363
Aug. 3 (333)	<i>From the Ambassador in Great Britain (tel.)</i> Report from Kerr, representative of Western Union at Lisbon, of British pressure on Portuguese Government regarding Azores permits and of his belief that Portuguese would welcome pressure from U. S. Government to justify disregarding British pressure.	364
Aug. 5 (66)	<i>From the Minister in Portugal (tel.)</i> Press report that Western Union concession was approved August 4 with some amendments.	364
Aug. 5 (67)	<i>From the Minister in Portugal (tel.)</i> Information that concession amendment provides that all South American traffic shall pass through St. Vincent in Cape Verde Islands. Request for instructions.	364
Aug. 7 (70)	<i>From the Minister in Portugal (tel.)</i> Telegram sent to London (text printed) suggesting that Kerr send someone to Lisbon to represent Western Union interests; and conveying information that Senate has not yet passed concession.	365
Aug. 8 (241)	<i>To the Ambassador in Great Britain (tel.)</i> Information that Western Union has been informed of amendment to concession and that Department considers action of British Government in pressing and of Portuguese Government in imposing such restriction is unjustifiable.	365
Aug. 8 (56)	<i>To the Minister in Portugal (tel.)</i> Instructions to urge Government not to discriminate against U. S. companies or subject them to injurious restrictions, and to inquire whether report of restrictions is true. Information that Western Union has received no report of amendment and will refuse to accept license containing such restriction.	365
Aug. 9 (348)	<i>From the Ambassador in Great Britain (tel.)</i> Kerr's statement that restrictions such as reported by Legation at Lisbon would render license useless to his company and that agent at Lisbon has been instructed not to sign contract containing such restrictions.	366
Aug. 10 (72)	<i>From the Minister in Portugal (tel.)</i> Amendment to concession (text printed) providing that cables to South America shall proceed to destination by way of Cape Verde Islands. Request for Western Union reactions and Department's instructions.	366
Aug. 11 (57)	<i>To the Minister in Portugal (tel.)</i> Instructions to render appropriate assistance to Western Union representative at Lisbon who will endeavor to have amendment to concession deleted before action by Senate; to continue efforts in behalf of Commercial Cable Co.; and to inquire of Foreign Office the reason for restrictive terms.	367

GREAT BRITAIN

OPPOSITION OF THE BRITISH GOVERNMENT TO THE GRANTING BY PORTUGAL OF CONCESSIONS TO AMERICAN COMPANIES, ETC.—Continued

Date and number	Subject	Page
1922 Aug. 18 (256)	<i>To the Ambassador in Great Britain (tel.)</i> Instructions to inform Foreign Office that Western Union was authorized August 12 to operate its Miami cable for European business and that license for South American traffic may be granted soon; and to call attention to fact that Government is pressing Portuguese Government to take action which is in violation of International Telegraph Convention and is disregarding essential factor in negotiations for allocation of former German cables.	368
Aug. 19 (1631)	<i>From the Ambassador in Great Britain</i> Notes dated July 24 and 25 to Foreign Office (texts printed) making formal representations regarding British opposition. Note from Foreign Office, August 18 (text printed) justifying opposition on ground that competition with U. S. companies would do further financial harm to British company, which had already suffered heavy losses through U. S. refusal to grant license to land cable at Miami.	369
Sept. 15 (106)	<i>From the Minister in Portugal</i> Closing of Parliament, no action having been taken on petition of Western Union for elimination of amendment to concession.	377
Oct. 7 (306)	<i>To the Ambassador in Great Britain (tel.)</i> Telegram from Western Union representative at London (text printed) stating that negotiations at London are in suspense as Embassy has not received requested instructions from Department; intimation also that early action at London might result in withdrawal of British opposition. Department's inability to believe report of suspension, since Embassy has been fully instructed.	378
Oct. 12 (456)	<i>From the Ambassador in Great Britain (tel.)</i> Information that all Department's instructions have been carried out and that it was not intended to give Western Union representative the impression that negotiations were in suspense.	378
Nov. 17 (1839)	<i>From the Ambassador in Great Britain</i> Note dated October 18 to Foreign Office (text printed) reiterating U. S. position. Note from Foreign Office, November 14 (text printed) suggesting that British and U. S. companies come to a direct agreement under certain conditions; and indicating that British opposition would be withdrawn upon conclusion of such agreement and its confirmation by issue of landing licenses for Azores cables in United States and full and immediate renunciation of All America Cables' exclusive rights in Colombia.	379
Dec. 6 (746)	<i>To the Ambassador in Great Britain</i> Note for Foreign Office (text printed) explaining at length negotiations concerning license to land cable at Miami and defending U. S. position.	383

GREAT BRITAIN

DISPUTE WITH THE BRITISH GOVERNMENT OVER WITHDRAWAL OF RECOGNITION
OF AMERICAN CONSULAR OFFICERS AT NEWCASTLE-ON-TYNE

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1922		
July 20 (217)	<i>To the Ambassador in Great Britain (tel.)</i> Request for brief statement of facts from Slater and Brooks, also for comments by himself and consul general.	392
July 26 (312)	<i>From the Ambassador in Great Britain (tel.)</i> Communication to Foreign Office of assumption that withdrawal of recognition will not be proceeded with until investigation is completed. Information that investigation is proceeding.	392
July 29 (321)	<i>From the Ambassador in Great Britain (tel.)</i> Reports, supported by affidavits, completely exonerating Slater and Brooks.	392
Aug. 11	<i>To the British Charge</i> Refusal to remove Slater and Brooks voluntarily, U. S. investigations having failed to reveal any evidence to support British allegation. Expression of hope that action will not be taken before evidence substantiating allegations has been submitted and United States has been allowed opportunity to express views thereon.	393
Aug. 30 (268)	<i>To the Ambassador in Great Britain (tel.)</i> Instructions to have Slater close office at Newcastle and proceed to Corunna for assignment as consul, Brooks to proceed to Dresden.	394
Sept. 5	<i>From the Consul in Charge at London (tel.)</i> Circular of February 2 issued by consul general (text printed) urging consular officers to encourage the use of United States Lines by passengers traveling to the United States.	394
Sept. 7 (13742)	<i>From the Consul in Charge at London</i> Reception of delegation of business executives from Newcastle and their protest against the closing of the U. S. consulate at Newcastle.	395
Sept. 15 (291)	<i>To the Ambassador in Great Britain (tel.)</i> Interview with British Ambassador, in which Ambassador expressed hope the Newcastle affair might rest and consulate be reopened.	396
Sept. 18 (292)	<i>To the Ambassador in Great Britain (tel.)</i> Instructions to inform Government concerning investigation to be instituted for the United States by Nelson T. Johnson and to request cooperation.	397
Oct. 6 (447)	<i>From the Ambassador in Great Britain (tel.)</i> From Johnson: Report, confirmed by Castle, that investigations at London revealed no evidence to substantiate British allegations against Slater and Brooks.	397
Nov. 6	<i>From the Consul General at London (tel.)</i> From Johnson: Report that investigations at Newcastle revealed nothing to change views expressed in telegram no. 447, October 6.	399

GREAT BRITAIN

DISPUTE WITH THE BRITISH GOVERNMENT OVER WITHDRAWAL OF RECOGNITION OF AMERICAN CONSULAR OFFICERS AT NEWCASTLE-ON-TYNE—Continued

Date and number	Subject	Page
1922 Nov. 8 (348)	<i>To the Ambassador in Great Britain (tel.)</i> Note for Foreign Office (text printed) conditioning acceptance of British proposal for dropping charges and reopening consulate at Newcastle upon granting of exequatur to Slater as consul and recognition of Brooks as vice consul at Newcastle and upon a public explanation of action; refusal to accept British proposal concerning identic instructions to consular officers.	400
Dec. 30 (865)	<i>To Consular Officers</i> Instructions concerning confining activities in behalf of U. S. steamship companies to investigating and reporting upon shipping matters and to answering proper inquiries relating thereto.	401
1923 Jan. 2 (1930)	<i>From the Chargé in Great Britain</i> Note from Foreign Office, December 27 (text printed) adhering to original position.	403

SUPPLEMENTARY EXTRADITION CONVENTION BETWEEN THE UNITED STATES AND GREAT BRITAIN, MAY 15, 1922

1922 May 15	<i>Supplementary Extradition Convention between the United States of America and Great Britain</i> Enlarging the list of crimes for which extradition may be granted under conventions of 1889, 1900, and 1905.	406
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DENUNCIATION BY GREAT BRITAIN OF THE TREATY AND CONVENTION BETWEEN THE UNITED STATES AND GREAT BRITAIN FOR THE ABOLITION OF THE AFRICAN SLAVE TRADE

1922 Apr. 27 (323)	<i>From the British Ambassador</i> Formal notice of denunciation of the treaty and convention for abolition of slave trade, in accordance with British policy to abolish all obsolete instruments.	407
June 5	<i>To the British Ambassador</i> Acknowledgment of British denunciation of treaty and convention for the abolition of slave trade.	408

GREECE

ATTITUDE OF THE UNITED STATES TOWARD RECOGNITION OF THE GREEK GOVERNMENT

1922 Mar. 23 (946)	<i>From the Chargé in Greece</i> Endeavors of Prime Minister to discuss U. S. recognition of Constantine government; his disposition to meet practically any U. S. terms and inquiry concerning U. S. conditions for recognition.	409
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GREECE

ATTITUDE OF THE UNITED STATES TOWARD RECOGNITION OF THE GREEK GOVERNMENT—Continued

Date and number	Subject	Page
1922 May 8 (37)	<i>To the Chargé in Greece (tel.)</i> Continuance of policy regarding recognition of Constantine government, in line with that of Allied Powers.	409
May 12 (1030)	<i>From the Chargé in Greece</i> His refusal to grant requests that he meet King Constantine informally and unofficially.	410
Sept. 27 (129)	<i>From the Chargé in Greece (tel.)</i> Abdication of King Constantine in favor of the Crown Prince.	410
Oct. 26 (150)	<i>From the Chargé in Greece (tel.)</i> Plans for court martial of political prisoners charged with responsibility for Asia Minor disaster; protests lodged by British and French; suggestion that United States make informal recommendation for fair trial.	411
Nov. 1 (76)	<i>To the Chargé in Greece (tel.)</i> Instructions to indicate informally to Greek authorities that arbitrary court martial of political prisoners would make unfortunate impression in United States.	411
Nov. 2 (158)	<i>From the Chargé in Greece (tel.)</i> Assurances of revolutionary committee that all political prisoners not implicated in Asia Minor disaster would be released and fair trial given others.	411
Nov. 28 (175)	<i>From the Chargé in Greece (tel.)</i> Trial and execution of political prisoners; rupture of diplomatic relations between Great Britain and Greece.	412
Dec. 1 (84)	<i>To the Chargé in Greece (tel.)</i> Instructions to indicate informally to Greek authorities the possible serious effect the executions of political prisoners might have on raising of relief funds for Greek refugees in United States.	412
Dec. 11 (183)	<i>From the Chargé in Greece (tel.)</i> Assurances of Greek authorities of the avoidance of any further action which might alienate U. S. public opinion; information that chief political prisoners have already been executed; expression by his colleagues of official disapproval of executions.	413
1923 Jan. 13	<i>To Mr. George B. Christian, Jr., Secretary to President Harding</i> Transmission of translation of telegram from King of Greece announcing the death of his father, the late King. Suggestion that reply be made informally through Chargé at Athens. Draft instructions to Chargé (text printed).	413

GREECE

AMERICAN RELIEF ACTIVITIES ON BEHALF OF GREEKS EVACUATED FROM TURKISH TERRITORY

Date and number	Subject	Page
1922		
Sept. 2	<i>From the Consul General at Smyrna (tel.)</i> Request for dispatch of cruiser to Smyrna to protect U. S. consulate and nationals, in view of the extremely grave military situation.	414
Sept. 4	<i>From the Consul General at Smyrna (tel.)</i> Telegram sent to Admiral Bristol (text printed) urging him to mediate with the Angora Government to permit evacuation of Greek forces, in order to prevent the destruction of Smyrna.	414
Sept. 5	<i>To the Consul General at Smyrna (tel.)</i> Information that Admiral Bristol has been ordered to send destroyers to Smyrna to assist in care of U. S. nationals and property.	415
Sept. 5 (113)	<i>To the High Commissioner at Constantinople (tel.)</i> Advice that situation does not justify assumption by United States of role of voluntary mediator and that the Department is inclined to do no more than send destroyers to protect U. S. lives and property.	415
Sept. 6 (168)	<i>From the High Commissioner at Constantinople (tel.)</i> For American Red Cross: Organization of Disaster Relief Committee for Smyrna situation and request for funds.	415
Sept. 8 (116)	<i>To the High Commissioner at Constantinople (tel.)</i> Information concerning the communication of appeals to Red Cross and Near East Relief with suggestion that they cooperate in emergency; and their replies, the Red Cross indicating necessity of further consideration and Near East authorizing \$25,000 for relief.	416
Sept. 8 (111)	<i>From the Chargé in Greece (tel.)</i> Appeal of Greek authorities for help in evacuating 500,000 refugees from Asia Minor ports. Belief of French and Italian representatives that their transportation to Greece is impracticable.	416
Sept. 8	<i>From the Consul General at Smyrna (tel.)</i> Information that Turkish forces are expected on the ninth or tenth and request for instructions as to his relations with Kemalist authorities.	417
Sept. 9	<i>To the Consul General at Smyrna (tel.)</i> Instructions to remain unofficially at post as U. S. consul without exequatur and as delegate of High Commissioner at Constantinople, Vice Consul Imbrie to remain at Angora in similar status.	417
Sept. 9 (171)	<i>From the High Commissioner at Constantinople (tel.)</i> Report of alarming situation at Smyrna, with Greek troops in panic and threatening to burn city; departure of Greek fleet and withdrawal of Greek High Commissioner and general headquarters.	418
Sept. 10 (173)	<i>From the High Commissioner at Constantinople (tel.)</i> Occupation of Smyrna by Mustafa Kemal. Telegram from Jaquith and Davis, Near East Relief and Red Cross representatives (text printed) concerning food situation at Smyrna.	418

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AMERICAN RELIEF ACTIVITIES ON BEHALF OF GREEKS EVACUATED FROM TURKISH TERRITORY—Continued

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1922 Sept. 11 (63)	<i>To the Chargé in Greece (tel.)</i> Instructions to keep Department fully informed concerning developments of situation in Greece. Information that Red Cross and Near East Relief are consulting regarding cooperation in Asia Minor emergency.	419
Sept. 12 (119)	<i>To the High Commissioner at Constantinople (tel.)</i> Telegram from Hill of Red Cross (text printed) explaining delay in determining action, and authorizing expenditure of \$25,000 for emergency relief work.	419
Sept. 13 (179)	<i>From the High Commissioner at Constantinople (tel.)</i> Extreme gravity of condition of refugees at Smyrna and elsewhere, owing to approach of cold weather. British requests that U. S. relief organizations take care of Smyrna and Rodosto situations and Commissioner's reply that Allies and Greeks should undertake their share of task.	420
Sept. 14 (181)	<i>From the High Commissioner at Constantinople (tel.)</i> Information that Smyrna is burning and that U. S. nationals have been evacuated to Athens.	421
Sept. 14 (183)	<i>From the High Commissioner at Constantinople (tel.)</i> Telegram from Davis dated September 11 (text printed) reporting interview with commander of Turkish forces concerning possibility of restoring refugees to their homes; commander's decision that refugees must leave country.	421
Sept. 14 (184)	<i>From the High Commissioner at Constantinople (tel.)</i> Telegram from Davis dated September 12 (text printed) reporting desperate refugee situation at Smyrna, inability of authorities to place refugees in camps owing to animosity of troops, lack of food, necessity for evacuation of refugees.	422
Sept. 14 (182)	<i>From the High Commissioner at Constantinople (tel.)</i> Telegram from Captain Hepburn at Smyrna (text printed) reporting the destruction of European quarter of Smyrna by fire and complete destruction of U. S. consulate and all its records; evacuation of U. S. nationals and Greek refugees.	422
Sept. 15 (186)	<i>From the High Commissioner at Constantinople (tel.)</i> Telegram from Hepburn at Smyrna dated September 14 (text printed) recommending Allied pressure on Greece to accept refugees in Thrace or Macedonia and an immediate decision for the transportation of 300,000 refugees by Allied ships.	423
Sept. 15 (290)	<i>To the Ambassador in Great Britain (tel.)</i> Summary of Admiral Bristol's reports on Asia Minor situation. Telegram sent to Admiral Bristol (text printed) conveying opinion that government action by Allies is necessary for evacuation of refugees, as situation is beyond scope of private organizations, and suggesting the drawing up of a joint Allied plan for Smyrna emergency. (Instructions to repeat to Paris and Rome for similar action, and to communicate contents orally to British Foreign Office.)	423

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AMERICAN RELIEF ACTIVITIES ON BEHALF OF GREEKS EVACUATED FROM TURKISH TERRITORY—Continued

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1922 Sept. 18 (190)	<i>From the High Commissioner at Constantinople (tel.)</i> Message from Smyrna dated September 15 (text printed) reporting decision of Allied naval officers that refugees must be evacuated and that permission should be secured from Kemal for Greek ships to enter Smyrna harbor for evacuation. Comments on plan for Allied cooperation in emergency.	424
Sept. 19 (133)	<i>To the High Commissioner at Constantinople (tel.)</i> Request for confirmation of press reports that U. S. organizations and U. S. destroyers are carrying on the only relief work in Smyrna; also for information concerning available relief stores and provisions for caring for refugees in Greece or Aegean Islands. Instructions to keep Department fully advised as to facilities needed for relief.	426
Sept. 19 (192)	<i>From the High Commissioner at Constantinople (tel.)</i> Message from the U. S. S. <i>Edsall</i> at Smyrna dated September 17 (text printed) reporting Turkish proclamation declaring all Greek refugee men between the ages of 18 and 45 prisoners of war and permitting the evacuation of all other refugees up to October 1; conditions in Smyrna and relief measures.	426
Sept. 19 (193)	<i>From the High Commissioner at Constantinople (tel.)</i> Message from the U. S. S. <i>Edsall</i> at Smyrna dated September 18 (text printed) reporting Kemal's refusal to take responsibility for allowing Greek ships to enter Smyrna harbor for evacuation and his reference of question to Turkish Government.	427
Sept. 20 (194)	<i>From the High Commissioner at Constantinople (tel.)</i> Efforts to secure British and Italian cooperation in emergency measures. Meeting of Disaster Relief Committee: its decisions to continue emergency relief work at Smyrna and to send relief unit to Rodosto; agreement that U. S. relief activities should be confined to present situation and that Greece and Allies should assume future responsibility for relief of refugees and their final disposition.	427
Sept. 20 (119)	<i>From the Chargé in Greece (tel.)</i> Telegram from Admiral Bristol (text printed) conveying decision of Near East Relief as to the impossibility of sending unit to Greece and opinion that care of refugees after evacuation from Asia Minor is responsibility of Allies and Greece. Recommendation that U. S. relief organizations send assistance to Greece as task of caring for refugees is beyond Greek Government.	429
Sept. 21 (140)	<i>To the High Commissioner at Constantinople (tel.)</i> Steps taken by Congress and private organizations for more extended emergency relief work in the Near East, Department's efforts being concentrated upon relief and repatriation of Americans, centralizing and coordinating relief of private agencies, and keeping agencies informed of Disaster Relief Committee's activities.	430

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1922 Sept. 22 (202)	<i>From the High Commissioner at Constantinople (tel.)</i> Brief summary of organization of Disaster Relief Committee and its activities at Smyrna and Rodosto. Discussion of possibility of assisting Greece in care of refugees provided Greece demobilize and place herself on a peace footing.	431
Sept. 22 (66)	<i>To the Chargé in Greece (tel.)</i> Agreement with Admiral Bristol that care of refugees after evacuation from Asia Minor rests primarily upon Greece and the Allies. Instructions, however, to keep Department fully informed as to conditions of refugees after evacuation. (Instructions to repeat to Constantinople.)	432
Sept. 25 (217)	<i>From the High Commissioner at Constantinople (tel.)</i> Conference with Allied colleagues: Discussion of British plans for relief and U. S. relief activities; plans for evacuation of refugees and decision to request extension of time beyond October 1.	433
Sept. 26 (434)	<i>From the Ambassador in Great Britain (tel.)</i> Note from Foreign Office (text printed) expressing opinion that relief for Greek refugees should be conducted by private organizations and conveying information concerning efforts to secure and coordinate help of such private organizations, support given in evacuation of refugees, and provision of funds.	435
Sept. 28 (225)	<i>From the High Commissioner at Constantinople (tel.)</i> Arrival of Greek ships at Smyrna for evacuation of 15,000 refugees, permission for vessels to enter harbor having been granted by Turkish authorities. Information that question of projected time limit for evacuation is still pending.	436
Sept. 29 (297)	<i>To the Ambassador in Great Britain (tel.)</i> Instructions to inform Government of U. S. interest in British steps taken to assist relief of refugees in Asia Minor. Information concerning extent of U. S. relief in Asia Minor. (Instructions to repeat his telegram no. 434, September 26, and above to High Commissioner, Constantinople.)	437
Oct. 9 (183)	<i>To the High Commissioner at Constantinople (tel.)</i> President Harding's statement issued October 8 (text printed) regarding relief work in Asia Minor, the creation of the Near East Emergency Fund to be raised by Nation-wide appeal, and personnel of committee in charge of raising funds. (Instructions to repeat to Athens.)	438
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Oct. 10 (451)	<i>From the Ambassador in Great Britain (tel.)</i> Information that British representatives at Constantinople and Athens have been instructed to urge local relief societies to cooperate with U. S. relief organizations.	439

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AMERICAN RELIEF ACTIVITIES ON BEHALF OF GREEKS EVACUATED FROM TURKISH TERRITORY—Continued

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Oct. 11 (140)	<i>From the Chargé in Greece (tel.)</i> Gratitude of Greek authorities and promise of all facilities desired by the Red Cross.	440
Oct. 13	<i>To Mr. C. V. Vickrey of the Near East Relief</i> Advice that not all Armenian orphans could be brought into the United States under Turkish quota and that entry in excess of quota could not be authorized without Congressional action.	441
Oct. 14 (464)	<i>From the Ambassador in Great Britain (tel.)</i> From Admiral Bristol: Plan of Dr. Nansen to secure release of Greek men retained in Asia Minor and permission for them to join families in Greece; Allied Commissioners' promise of support; Bristol's statement that U. S. Government would lend support on grounds of humanity but must be consulted, Japanese Commissioner making similar statement. Efforts of Dr. Nansen in behalf of the Russian refugees at Constantinople who must be evacuated.	441
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Oct. 31 (157)	<i>From the Chargé in Greece (tel.)</i> Arrival of Dr. Hill, Red Cross representative, and his concurrence in Chargé's explanations to Greek authorities that U. S. relief organizations would assume no responsibilities in connection with refugee problem, giving assistance only, and that they were willing to work in harmony with League of Nations committee but not under its supervision.	443
Nov. 2 (287)	<i>From the High Commissioner at Constantinople (tel.)</i> Report on evacuations and on the relief needs of the devastated country.	444
Nov. 25 (577)	<i>From the Acting High Commissioner at Constantinople</i> Report of the senior naval officer at Smyrna dated October 20 (text printed) giving a summary of the evacuation of refugees from Smyrna and the agencies by which it was accomplished.	445
Nov. 25 (20)	<i>From the Special Mission at Lausanne (tel.)</i> Venizelos' request for support of his plea for the release of Greek men retained in Asia Minor. Suggestion from British and Greek sources that U. S. relief tends to keep refugees in continuing condition of helplessness and therefore a loan should be made to Greece.	446
Nov. 28 (15)	<i>To the Special Mission at Lausanne (tel.)</i> Instructions to support Venizelos' plea on humanitarian grounds. Comments on matter of loan, the Department being unable to see how loan could alter present helpless state of refugees.	446

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1923 Jan. 4 (6)	<i>From the Acting High Commissioner at Constantinople (tel.)</i> Telegram from Greek Government to its Constantinople representative (text printed) conveying decision of Greek Government not to accept any more refugees. Serious situation which will arise in Anatolia if decision is carried into effect.	449
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Feb. 26	<i>To Senator Henry Cabot Lodge</i> Information concerning the destruction of the U. S. consulate at Smyrna, the service of U. S. sailors in guarding various buildings, etc., and measures for the care and protection of U. S. citizens and U. S. flag.	451

CONTINUED IMPRESSMENT OF AMERICAN CITIZENS OF GREEK ORIGIN INTO THE GREEK ARMY

1922 Feb. 15 (17)	<i>From the Chargé in Greece (tel.)</i> Failure of Greek Government to carry out promises concerning impressment of U. S. citizens of Greek origin into Greek Army. Request that Department warn all naturalized Greeks against returning to Greece unless naturalized before January 15, 1914.	453
May 2 (1009)	<i>From the Chargé in Greece</i> Contention of Greek Government that the release of men from military service secured by Chargé has been made not as a matter of right but as a favor, as under law all men born in Greece owe military service to Greece. Maintenance of position that no holder of U. S. passport should be forced into Greek Army.	453

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OBJECTIONS BY THE DEPARTMENT OF STATE TO A PRIVATE LOAN TO THE UN-
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1921 Dec. 29	<i>From Mr. William G. Marvin</i> Inquiry whether Department would object to flotation of loan of 15 million dollars to Greek Government.	455
1922 Jan. 30	<i>To Messrs. Marvin & Picasants</i> Advice that Department would not look with favor upon loan to Greek Government, inasmuch as recognition has not been accorded regime functioning in Greece.	456
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RECOGNITION OF THE ORELLANA GOVERNMENT BY THE UNITED STATES

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HAITI

APPOINTMENT OF A HIGH COMMISSIONER BY PRESIDENT HARDING—THE ELECTION OF PRESIDENT BORNO—THE APPOINTMENT OF A NEW FINANCIAL ADVISER

1922		
Feb. 11	<i>To the High Commissioner in Haiti</i> Primary objectives of his mission: (1) reorganization of powers and duties of treaty officials; (2) stabilization of Haitian finances; (3) gradual withdrawal of Forces of Occupation and enlargement and improvement of Haitian <i>Gendarmerie</i> ; (4) carrying out of plans for prosperity and economic development of Haiti.	461
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CONTRACT FOR A LOAN TO HAITI FROM THE NATIONAL CITY BANK AND THE NATIONAL CITY COMPANY

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Jan. 24 (8)	<i>To the Chargé in Haiti (tel.)</i> Failure to discover in Haitian note any departure from position in memorandum of December 30 and refusal to sanction any loan negotiated by Financial Adviser not recognizing validity of protocol of 1919. Information concerning forwarding of counterdraft of loan law giving effect to provisions of protocol of 1919.	477
Jan. 31 (13)	<i>From the Chargé in Haiti (tel.)</i> Note from Haitian Government, January 31, explaining that the Government purposes only to carry in loan law certain provisions the greater part of which proceed from suggestions made by the United States; and requesting that the United States make known the provisions proper to carry in loan law and lend good offices to secure better loan offer.	477
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June 7	<i>From the Haitian Minister</i> Belief of Government that best interests of Republic would be served if new bids were received for bond issue.	497
June 16 (49)	<i>To the Chargé in Haiti (tel.)</i> For Russell: Information that Haitian Government is free to invite new bids, since Lee, Higginson and Co. make no request for preferential treatment. Instructions concerning procedure to be followed in inviting new bids.	497
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July 18 (56)	<i>To the Chargé in Haiti (tel.)</i> For Russell: Financial plan for presentation to Government providing for (1) invitation for bids on \$16,000,000 external bonds of series A; (2) issuance of \$5,000,000 internal bonds of series B for cancelation of internal and floating debt; (3) constitution of Claims Commission; (4) recapitalization of internal debt; (5) provisions for gradual retirement of internal bonds.	502
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Aug. 22 (63)	<i>To the Vice Consul in Charge of the Legation in Haiti (tel.)</i> For Russell: U. S. gratification that Claims Commission will be constituted; information that Department is prepared to proceed with external bond bids if Haitian Government gives assurance that law authorizing issue of internal bonds will be submitted to Council by September 1.	511
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Sept. 9 (73)	<i>To the Vice Consul in Charge of the Legation in Haiti (tel.)</i> For Russell: Suggested modification of article 2 of draft law for internal bond issue to conform with article 5 of treaty and article 6 of protocol.	513
Sept. 15 (106)	<i>From the High Commissioner in Haiti (tel.)</i> Information that Government has noted suggested modification of article 2 of draft law. (Footnote: Information that law, embodying U. S. modifications, was passed by the Council on September 27.)	514
Sept. 28 (83)	<i>To the Chargé in Haiti (tel.)</i> For Russell: Information concerning bids on loan and award of contract to National City Co.	514
Oct. 5 (42)	<i>To the High Commissioner in Haiti</i> Desire that Receiver General of Customs take no further steps to persuade bondholders of National Railroad to accept interest payments in francs instead of dollars, in view of imminent flotation of foreign loan.	514

HAITI

CONTRACT FOR A LOAN TO HAITI FROM THE NATIONAL CITY BANK AND THE
NATIONAL CITY COMPANY—Continued

Date and number	Subject	Page
1922		
Oct. 7	<i>From the Financial Adviser to the Government of Haiti</i> Copy of contract between Government of Haiti and National City Co. and National City Bank providing for purchase by National City Co. of \$16,000,000 bonds and providing that National City Bank act as fiscal agent for service of loan.	515
Oct. 7	<i>To the Financial Adviser to the Government of Haiti</i> Approval of contract; President Harding's agreement, in accordance with article 8 of treaty of 1915, to issue of \$16,000,000 bonds provided for by protocol of 1919.	516
Oct. 28 (131)	<i>From the High Commissioner in Haiti (tel.)</i> Sanction of loan protocol by Haitian Council of State.	516
Nov. 2	<i>Memorandum by the Under Secretary of State of a Conversation with the Haitian Secretary of State for Foreign Affairs, on Special Mission in the United States</i> Mr. Dejean's suggestions for reform in Haiti: (1) that offices of Receiver General and Financial Adviser be combined, and (2) that work performed in the administration by military officers be taken over by civilians.	517
Nov. 10 (105)	<i>To the Chargé in Haiti (tel.)</i> For Russell: Assumption that items mentioned in article 3 of protocol will be paid immediately, in view of ratification of loan contract. Instructions for General Receiver concerning service of Haitian public debt.	517
Nov. 16	<i>To the Haitian Secretary of State for Foreign Affairs, on Special Mission in the United States (tel.)</i> Transmission of telegram from President of Haiti (text printed) informing him that Haiti is under no obligation to pay 1896 or 1910 obligations in gold and that payment will be made in francs at rate of day.	518
Nov. 18	<i>From the Haitian Secretary of State for Foreign Affairs, on Special Mission in the United States</i> Correspondence with National City Co. and their counsel (texts printed) regarding redemption of Haitian loan of 1910 and its possible effect upon Haiti's ability to discharge existing liens on its revenues in accordance with provisions of article of contract.	518
Nov. 24	<i>To the Haitian Secretary of State for Foreign Affairs, on Special Mission in the United States</i> Letter to National City Co. and National City Bank, November 22 (text printed) expressing opinion as to effect redemption of Haitian 1910 loan would have upon existing liens upon Haitian customs, its discharge making service of the series A bonds of 1922 second charge upon customs revenues.	520
Dec. 1 (150)	<i>From the High Commissioner in Haiti (tel.)</i> Amounts set aside by General Receiver from loan for service of old debts. Request for authority to obtain \$300,000 for public works from funds set aside for service of old debts and now made available by realization of loan or from funds made available by loan.	521

HAITI

CONTRACT FOR A LOAN TO HAITI FROM THE NATIONAL CITY BANK AND THE
NATIONAL CITY COMPANY—Continued

Date and number	Subject	Page
1922 Dec. 8 (121)	<i>To the Chargé in Haiti (tel.)</i> For Russell: Authority to obtain \$300,000 for public works as suggested.	522
Dec. 29 (165)	<i>From the High Commissioner in Haiti (tel.)</i> Agreement regarding recapitalization of interior bonds and their exchange for series B bonds.	522

CONTRACT FOR THE TRANSFER OF THE CHARTER OF THE BANQUE NATIONALE
D'HAITI TO THE BANQUE NATIONALE DE LA RÉPUBLIQUE D'HAITI

1922 Apr. 6	<i>To the Vice President of the National City Bank</i> Insistence upon certain alterations in National City Bank agreement with Haiti for transfer of charter of National Bank of Haiti, holding that agreement departs in several material points from principles established by agreement of 1920 between company and Department. Desire also for certain assurances from National Bank of Haiti.	523
Apr. 12	<i>From the Vice President of the National City Bank</i> Circumstances surrounding negotiation of agreement with Haiti. Agreement with, and enumeration of, Department's alterations, with slight changes for clarity.	526
Apr. 24	<i>To the Vice President of the National City Bank</i> Comments upon bank's desired changes in Department's alterations of agreement with Haiti.	529
May 12 (8)	<i>To the High Commissioner in Haiti</i> Transmission of agreement between Haiti and National City Bank containing alterations and changes approved by Department. Instructions to extend to Voorhies, of National City Bank, proper assistance in obtaining ratification of agree- ment in its present form.	532
June 10 (66)	<i>From the High Commissioner in Haiti (tel.)</i> President's desire for certain slight changes in text of agree- ment.	534
June 14 (52)	<i>To the Chargé in Haiti (tel.)</i> For Russell: No objections to proposed changes in bank- transfer contract; authorization, however, to use good offices to have modified proposed amendment to maintain 100 per- cent reserve against Government deposits, if bank so desires. (Footnote: Publication of contract of July 18, 1922, for transfer of National Bank of Republic of Haiti to National City Co. of New York.)	534

HAITI

INSTITUTION OF THE CLAIMS COMMISSION IN HAITI

Date and number	Subject	Page
1922 Apr. 13 (5)	<i>To the High Commissioner in Haiti</i> Instructions to inform Government that French conditions regarding adjustment of claims might advantageously be agreed upon in an exchange of notes between Haiti and France.	535
June 6 (508)	<i>To the Chargé in Haiti</i> Authorization to state that Department has informed Italian Ambassador of willingness of Financial Adviser in Haiti to receive list of persons acceptable to Italy from which to appoint third member of proposed Claims Commission during consideration of Italian claims.	536
Sept. 22 (38)	<i>To the High Commissioner in Haiti</i> Information concerning arrangements for French nominee to proceed to Haiti; communication of names of British and Italian nominees to Financial Adviser with suggestion he make formal recommendation to President of Haiti for their appointment. Department's desire that commission be constituted at earliest practicable moment.	537
Oct. 11 (118)	<i>From the High Commissioner in Haiti (tel.)</i> President's intention to resent French modification of agreement as unjust. Commissioner's opinion that only French claims occurring prior to September 10, 1913, can be presented to arbitral commission and that expenses of arbitral commission must be borne by Haiti and France.	538
Oct. 16 (92)	<i>To the Chargé in Haiti (tel.)</i> For Russell: Enumeration of points which Department understands proposed exchange of notes between Haiti and France should cover. Instructions to urge immediate exchange of notes and to use good offices to bring about agreement.	539
Oct. 19 (127)	<i>From the High Commissioner in Haiti (tel.)</i> Selection of Haitian member of Claims Commission.	540
Oct. 20 (129)	<i>From the High Commissioner in Haiti (tel.)</i> Enumeration of six points suggested to President as bases of agreement with France. President's insistence that right of appeal to arbitral commission be limited to claims originating prior to 1913.	540
Oct. 28 (132)	<i>From the High Commissioner in Haiti (tel.)</i> President's intimation that a note would be addressed to French Legation agreeing to and covering suggested bases of agreement, with additional clause that right of appeal be denied French claims prior to September 10, 1913. Haiti's request concerning acceptability of new Minister to France and French refusal to reply until after exchange of notes regarding French claims.	541
Nov. 4 (103)	<i>To the Chargé in Haiti (tel.)</i> For Russell: Instructions to inform Government concerning French acceptance of suggested bases of agreement, with slight modifications; French refusal to make distinction, as regards right of appeal, between claims arising before and after 1913. Suggestion that agreement be signed in Washington to expedite matters.	542

HAITI

INSTITUTION OF THE CLAIMS COMMISSION IN HAITI—Continued

Date and number	Subject	Page
1922 Nov. 6 (104)	<i>To the Chargé in Haiti (tel.)</i> For Russell: Inquiry concerning formal appointment of members of Claims Commission. Opinion that Financial Adviser should be informed of appointments by letter. Instructions to urge appointment of Haitian member.	543
Nov. 8 (135)	<i>From the High Commissioner in Haiti (tel.)</i> President's continued objection to right of appeal for claims originating after 1913. French misunderstanding concerning first consideration being given Haitian claims under article 3 of protocol of 1919. Suggestion that Crowder, special representative in Cuba, be requested to obtain consent of a Cuban jurist to sit on commission during consideration of claims other than French, British, and Italian. Information that members of commission have not yet been formally appointed.	544
Nov. 9 (80)	<i>From the High Commissioner in Haiti</i> Haitian law of October 30 (text printed) establishing a Claims Commission.	545
Nov. 10 (137)	<i>From the High Commissioner in Haiti (tel.)</i> Official information of appointment of French, British, Italian, Haitian, and U. S. members of Claims Commission.	547
Nov. 11	<i>Memorandum by the Under Secretary of State of a Conversation with the Counselor of the French Embassy</i> French appeal for U. S. help in securing exchange of notes with Haiti; and Department's assurance that efforts are being made in that direction.	548
Nov. 14 (108)	<i>To the Chargé in Haiti (tel.)</i> For Russell: Advisability of meeting French demands concerning right of appeal, in view of importance that France approve submission of French claims to Claims Commission. Information that Crowder is being requested to suggest Cuban jurist.	548
Nov. 16 (140)	<i>From the High Commissioner in Haiti (tel.)</i> President's willingness to accept French position on right of appeal, provided British, French, and Italian Governments agree not to appeal Claims Commission's decisions; otherwise, preference to have all French claims referred to arbitral tribunal; request that Department inform French Government of situation.	549
Nov. '16 (141)	<i>From the High Commissioner in Haiti (tel.)</i> French note to Haiti containing conditions diametrically opposed to U. S. views. Commissioner's intention to urge President to transfer negotiations to Washington. (Footnote: Agreement reached between Haiti and France by exchange of notes in 1923.)	550
Nov. 23 (114)	<i>To the Chargé in Haiti (tel.)</i> For Russell: Nomination of German member of Claims Commission.	551

HAITI

INSTITUTION OF THE CLAIMS COMMISSION IN HAITI—Continued

Date and number	Subject	Page
1922 Nov. 25 (146)	<i>From the High Commissioner in Haiti (tel.)</i> Information that German nominee is member of a firm presenting claim. His acceptance for consideration of other German claims.	551
Dec. 5 (119)	<i>To the Chargé in Haiti (tel.)</i> For Russell: Telegram from Crowder (text printed) recommending Cuban jurist.	551
Dec. 9 (158)	<i>From the High Commissioner in Haiti (tel.)</i> Haiti's elimination of all German claims except those already allowed by Haitian courts.	552
Dec. 14 (160)	<i>From the High Commissioner in Haiti (tel.)</i> Announcement of organization of Claims Commission for liquidation of floating debt and all pecuniary claims against Haiti.	552
Dec. 15 (59)	<i>To the High Commissioner in Haiti</i> Note from British Ambassador, December 8 (text printed) regarding acceptance of Haitian bonds in payment of British claims.	552

RELUCTANCE OF THE DEPARTMENT OF STATE TO SANCTION THE EXERCISE OF JURISDICTION BY THE PROVOST COURTS IN CASES AFFECTING HAITIANS

1922 Aug. 5 (48)	<i>From the High Commissioner in Haiti</i> Attacks on President and other Government officials through newspapers, speeches, propaganda; and rumors of plot against their lives. Proclamation issued August 4 by High Commissioner with view to clearing up situation (text printed).	553
Aug. 28 (26)	<i>To the High Commissioner in Haiti</i> Approval of action; desire to be consulted in future before any proclamations of political importance are issued.	555
Sept. 6 (60)	<i>From the High Commissioner in Haiti</i> Report that trial of provost cases has been completed and although finding was "guilty," sentences were remitted and men released by order of President. Remarks on employment of provost courts in past and views on necessity for such courts. Navy Department's authorization for their use (text printed); proclamation of May 26, 1921 (text printed).	555
Oct. 4 (40)	<i>To the High Commissioner in Haiti</i> Statement of policy as regards employment of provost courts by U. S. forces in occupation of Haiti; suggested prevention of propaganda in press by enactment of adequate laws for punishment of libel and their enforcement through civil courts.	559

HONDURAS

INCURSIONS OF REVOLUTIONARY BANDS INTO HONDURAS

Date and number	Subject	Page
1922		
Jan. 29 (13)	<i>From the Minister in Honduras (tel.)</i> Telegram to U. S. Legation at Managua at President's request (text printed) regarding preparations of Honduran political refugees on Nicaraguan frontier to invade Honduras, aided by local authorities; his request also for U. S. representations to Nicaragua.	561
Jan. 30 (5)	<i>To the Minister in Nicaragua (tel.)</i> Instructions to make representations and request that every possible effort be made to prevent aid to conspirators against a neighboring country.	561
Jan. 30 (2)	<i>To the Minister in Salvador (tel.)</i> Instructions to make representations and urge that every possible measure be taken to prevent aid to revolutionary activities in Honduras.	562
Jan. 31 (3)	<i>From the Minister in Salvador (tel.)</i> Salvadoran reply that every precaution has been taken together with order for arrest of revolutionaries.	562
Feb. 2 (6)	<i>To the Minister in Nicaragua (tel.)</i> Instructions concerning proposed investigations by U. S. naval officer of conditions along frontiers in Honduras and Nicaragua.	563
Mar. 2 (41)	<i>From the Minister in Honduras</i> Itinerary of investigation officer, and facilities afforded him.	563
Mar. 9 (10)	<i>To the Minister in Nicaragua (tel.)</i> Reported depredations on Honduran border towns by armed Honduran political refugees. Instructions to make urgent representations to Nicaragua to stop these activities and reconcentrate leaders.	564
Mar. 13 (8)	<i>From the Minister in Nicaragua (tel.)</i> Nicaragua's desire to cooperate, capturing and concentrating certain Honduran emigrados.	564
Mar. 25 (38)	<i>From the Minister in Nicaragua</i> Report by investigating officer that revolutionary movement in Honduras may assume serious proportions, also that local Nicaraguan officials are not actively opposing it.	565
Apr. 4 (39)	<i>From the Minister in Honduras (tel.)</i> Martial law in Honduras. President's request for U. S. warships, fearing invasion by political refugees from Salvador and Nicaragua.	565
Apr. 6 (17)	<i>From the Minister in Salvador (tel.)</i> Report of flight of interned leaders, Ferrara and Leiva, and indications of movement of armed men around Esperanza.	565
Apr. 6 (40)	<i>From the Minister in Honduras (tel.)</i> Report of victory of Government forces over Ferrara at Esperanza and elsewhere. Suggestion that Salvador be asked to capture and reconcentrate revolutionists, instead of aiding them as reported.	566

HONDURAS

INCURSIONS OF REVOLUTIONARY BANDS INTO HONDURAS—Continued

Date and number	Subject	Page
1922 Apr. 7 (14)	<i>From the Minister in Nicaragua (tel.)</i> Reported arrival of considerable number of Honduran Government forces on border. President's charge that they have crossed border and attacked Honduran revolutionists in Nicaragua. His demand for explanation.	567
Apr. 8 (15)	<i>To the Minister in Honduras (tel.)</i> Assumption that there is no need for U. S. warships, revolutionists having been defeated. Instructions.	567
Apr. 8 (13)	<i>To the Minister in Salvador (tel.)</i> Instructions to express regret that Salvador has permitted Ferrara and Leiva to leave that country, also to urge importance of preventing use of Salvadoran territory to facilitate attacks on Honduras.	567
Apr. 10 (41)	<i>From the Minister in Honduras (tel.)</i> Report of serious political situation in Salvador, Nicaragua, and Honduras and need for warship at Amapala. Fear of further attack by revolutionists from Salvadoran front. Capture of Leiva by Salvadoran forces.	568
Apr. 11 (20)	<i>From the Minister in Salvador (tel.)</i> President's response to representations by capturing several revolutionist leaders; his belief that trouble is now ended.	568
May 4 (45)	<i>From the Minister in Honduras (tel.)</i> President's request that Department ask Nicaragua to capture Funes, who is threatening Esteli with 300 troops.	569
June 10 (48)	<i>From the Minister in Salvador (tel.)</i> Capture of Ferrara by Salvadoran forces and deportation to Mexico at request of Honduran President.	569
July 19 (24)	<i>To the Minister in Nicaragua (tel.)</i> Account of depredations directed from Nicaraguan territory as base. Instructions to state it is U. S. expectation that necessary steps be taken to end such revolutionary activities, failure of which will be regarded as indication of unwillingness or inability on part of Nicaragua to perform obligations of a civilized government and as contrary to provisions of treaty of 1907. (Repeated to Minister in Honduras.)	569
July 20 (57)	<i>From the Minister in Honduras (tel.)</i> President's appreciation of prompt action taken with Nicaragua and decision not to sever diplomatic relations without first advising Department. No further trouble expected, situation being under control.	570
July 22 (37)	<i>From the Minister in Nicaragua (tel.)</i> President's expression of regret that lack of funds prevents his sending sufficient force to patrol border; assurance that every effort will be made by few troops there to capture revolutionists and especially Funes.	571
Aug. 1 (37)	<i>To the Minister in Salvador (tel.)</i> Representations to Salvador similar to those sent Nicaragua in telegram no. 24, July 19.	571

HONDURAS

INCURSIONS OF REVOLUTIONARY BANDS INTO HONDURAS—Continued

Date and number	Subject	Page
1922		
Aug. 1 (63)	<i>From the Minister in Guatemala (tel.)</i> President's concern over revolutionary movement against Honduras said to have support of Salvadoran Government, purpose of which is to install pro-Mexican, anti-American conservative government, with like designs as to Salvador. His desire for election in both countries of presidents friendly to United States and Guatemala.	572
Aug. 8	<i>From the Vice Consul at Puerto Cortez (tel.)</i> Reported capture of San Barbara by revolutionists and threat to capture other places, spreading panic. Inquiry concerning gunboat.	572
Aug. 9 (37)	<i>To the Minister in Guatemala (tel.)</i> Instructions to express disapproval of one Central American country interfering in political affairs of another, contrary to provisions of treaty of 1907. Probable meeting of Presidents of Honduras, Salvador, and Nicaragua to bring about peaceful relations.	572
Aug. 10	<i>To the Vice Consul at Puerto Cortez (tel.)</i> Information that U. S. S. <i>Galveston</i> will arrive in two or three days.	573
Aug. 10 (74)	<i>From the Minister in Salvador (tel.)</i> Salvadoran reply expressing surprise at tone of U. S. note and giving assurances of greater efforts to preserve neutrality on Honduran and Guatemalan borders.	573
Aug. 16 (38)	<i>To the Minister in Guatemala (tel.)</i> Confirmation of report that Guatemala is shipping arms to Honduras and encouraging revolutionary movements against Salvador. Instructions to renew representations.	574
Aug. 18 (66)	<i>From the Minister in Guatemala (tel.)</i> President's explanation as to occupation of Alsacia by Guatemalan soldiers and shipment of arms to Honduras; his asseveration of desire to avoid interference in domestic affairs of neighboring countries.	574
Aug. 30 (36)	<i>To the Minister in Nicaragua (tel.)</i> Instructions to call attention to report of another incursion into Honduras by Funes, and to express U. S. expectation of his prompt arrest and trial should he return to Nicaragua, according to provisions of agreement of August 20. Inquiry as to attitude toward conference of three Presidents.	575
Sept. 16 (76)	<i>From the Minister in Honduras (tel.)</i> Government's overthrow of revolutionary movement headed by Funes, and control of situation. President's request that the <i>Tacoma</i> remain for few days.	576

HUNGARY

REVIVAL OF THE EXTRADITION CONVENTION OF JULY 3, 1856, AND THE COPYRIGHT CONVENTION OF JANUARY 30, 1912, BETWEEN THE UNITED STATES AND THE FORMER AUSTRO-HUNGARIAN MONARCHY

Date and number	Subject	Page
1922 May 19 (24)	<i>To the Minister in Hungary (tel.)</i> Note for Foreign Office (text printed) regarding U. S. desire to revive extradition convention of July 3, 1856, and copyright convention of January 30, 1912, with former Austro-Hungarian Monarchy, benefits accruing under Treaty of Trianon, and secured by treaty with Hungary August 29, 1921. Instructions to deliver note on day of its date, which will be date of revival of agreements.	577
May 29 (29)	<i>From the Minister in Hungary (tel.)</i> Delivery of note relative to treaties on day of its date, May 27.	578

ITALY

PROTESTS BY THE ITALIAN GOVERNMENT AGAINST RESTRICTIONS UPON ITALIAN IMMIGRATION INTO THE UNITED STATES

1922 Jan. 24	<i>From the Italian Ambassador</i> Protest against pending legislation restricting immigration by continuing to base national quotas under 3 percent law on census of 1910, which would result in discrimination between peoples of different nationalities, a violation of existing treaties; suggestion that passport be only element for determining nationality of alien and his assignment to quota.	579
Feb. 25	<i>From the Italian Ambassador</i> Reiteration of points covered in his note of January 24, with an appeal to U. S. justice against computing quota on basis of census of 1910.	580
Apr. 1	<i>To the Italian Ambassador</i> Opinion that proposed legislation on immigration contravenes no provisions of existing treaties and that restrictions are of general character and not discriminatory against Italy. Information that copies of his notes of January 24 and February 25 have been sent to Congress for consideration of chairmen of immigration committees of both Houses.	581
Apr. 11	<i>From the Italian Ambassador</i> Renewed protest against placing quota on basis of 1910 census when highest Italian immigration developed between 1910 and 1914; charge of intentional discrimination, quoting <i>Congressional Record</i> in proof, and violation of both spirit and letter of treaty of commerce of 1871. Italy's offer of cooperation through reciprocal agreement for equitable immigration service on basis of occupational selection.	582
May 18	<i>To the Italian Ambassador</i> Reiteration of opinion that Immigration Act of May 19, 1921, does not violate treaty of 1871 nor do restrictions imposed appear to be discriminatory against Italy or any other country.	585

ITALY

PROTESTS BY THE ITALIAN GOVERNMENT AGAINST RESTRICTIONS UPON ITALIAN IMMIGRATION INTO THE UNITED STATES—Continued

Date and number	Subject	Page
1922 Sept. 13 (3464)	<i>From the Italian Chargé</i> Representations against impracticable nature of U. S. immigration law, which does not permit just and sure application; suggestion of amendment to make it workable; citation of cases where injustice has been done would-be immigrants.	585
Oct. 6	<i>To the Italian Chargé</i> Information that method of determining nationality of alien for quota purposes is stipulated in act of Congress and adherence is mandatory; also that amendments to law will have consideration at appropriate time.	588
Dec. 2 (240)	<i>From the Chargé in Italy (tel.)</i> Mussolini's policy to favor increase of Italian immigration to the United States to aid unemployment in Italy, suggesting selection of emigrants to suit U. S. industrial needs, if necessary. Request for instructions.	589
Dec. 13 (185)	<i>To the Chargé in Italy (tel.)</i> Understanding of importance which Mussolini attaches to subject of Italian immigration to this country; promise to keep Chargé fully informed.	589

JAPAN

CANCELATION OF THE LANSING-ISHII AGREEMENT OF NOVEMBER 2, 1917

1922 Mar. 8	<i>Message of President Harding to the Senate</i> Statement that Lansing-Ishii agreement of 1917 has no binding effect, either with respect to past or future, which is in any sense inconsistent with principles and policies explicitly declared in nine-power treaty; also that four-power treaty does not refer to China, hence does not directly bear on Lansing-Ishii agreement.	591
Undated	<i>Memorandum by the Secretary of State of a Conversation with the Japanese Ambassador, March 23, 1922</i> Discussion whether Lansing-Ishii notes could be considered dead.	593
May 4	<i>To the Japanese Chargé</i> Unpublished protocol of understanding recorded at time of exchange of Lansing-Ishii notes (text printed); question whether protocol should be filed in accordance with resolution of Washington Conference (excerpt printed) to make public all agreements in force regarding China; or whether Japan will join United States in terminating Lansing-Ishii agreement.	595
Dec. 27	<i>From the Japanese Embassy</i> Further explanations by Japan as to its position relative to China; its willingness to cancel Lansing-Ishii correspondence.	597
1923 Jan. 2	<i>To the Japanese Chargé</i> Agreement that the two Governments consider Lansing-Ishii correspondence as canceled.	598

JAPAN

CONVENTION BETWEEN THE UNITED STATES AND JAPAN, FEBRUARY 11, 1922,
RELATING TO CERTAIN PACIFIC ISLANDS FORMERLY IN GERMAN POSSESSION

Date and number	Subject	Page
1922 Feb. 11	<i>From the Japanese Ambassador</i> Japan's assurances, in connection with signing of convention with the United States, that usual comity will be extended to U. S. nationals and vessels in waters of Pacific islands under Japan's mandate.	599
Feb. 11	<i>To the Japanese Ambassador</i> U. S. engagement concerning extension of any commercial treaties applicable to Australia and New Zealand to mandated islands south of Equator; intention to request governments holding mandates to make reports to the United States similar to those required by Allied Governments.	599
Feb. 11	<i>Convention between the United States of America and Japan</i> Understanding with regard to the rights of two Governments and their respective nationals in Pacific islands formerly German under mandate to Japan, especially the Island of Yap.	600

RULING BY THE DEPARTMENT OF LABOR HOLDING ILLEGAL THE ENTRY OF
"PICTURE BRIDES" INTO THE UNITED STATES

1922 Undated (Rec'd May 27)	<i>From the Japanese Embassy</i> Inquiry regarding Department of Labor ruling concerning "picture brides."	604
July 17	<i>To the Japanese Embassy</i> Decision by Department of Labor that proxy marriages cannot be recognized as valid for purposes of immigration laws and that ruling is applicable to all races and nationalities.	605

LIBERIA

FAILURE OF THE LOAN PLAN OF 1921 TO RECEIVE THE SANCTION OF THE
AMERICAN CONGRESS

1922 Jan. 4	<i>To President Harding</i> Memorandum (text printed) enumerating reasons why Congress should without delay make available to Liberia credit of 5 million dollars contemplated in loan plan.	606
Jan. 30 (4)	<i>To the Minister in Liberia (tel.)</i> Message for President (text printed) expressing satisfaction that loan agreement has been approved by Liberian Legislature, adding that matter is pending in U. S. Congress.	611
Feb. 8 (20)	<i>From the Minister in Liberia</i> Transmission by Worley, General Receiver of Customs and Financial Adviser, of 8,500 pounds sterling within 6 days to fiscal agents as interest on Liberian loan; his inquiry as to amount needed for second coupon.	611

LIBERIA

FAILURE OF THE LOAN PLAN OF 1921 TO RECEIVE THE SANCTION OF THE
AMERICAN CONGRESS—Continued

Date and number	Subject	Page
1922 Feb. 21 (9)	<i>To the Minister in Liberia (tel.)</i> Instructions to inform Government that resolution authorizing proposed loan to Liberia was introduced in Congress February 15.	612
Mar. 9 (32)	<i>From the Minister in Liberia</i> Worley's confidential report relative to large orders for material and implements placed in England and United States on account of Liberian frontier force. Request for advice as to payment.	612
Mar. 16 (195)	<i>From the British Ambassador</i> Inquiry as to U. S. intentions regarding redemption of 1912 loan, in view of apparent alienation, in favor of new loan, of security already pledged for service of existing loan, interest payments of which are already in arrears.	613
Undated	<i>From the British Embassy</i> Calling attention to irregularity of payment of coupons of 1912 loan, due to Worley's practice of allowing funds to accumulate in Liberia and failure to make remittances until round sum has accumulated.	614
Mar. 29 (142)	<i>To the Minister in Liberia</i> Instructions to bring to Worley's attention recent complaints made to Department that he held collections of assigned revenues for unduly long periods, as proved by his recent remittance of 8,500 pounds within 6 days.	614
Apr. 5	<i>To the British Ambassador</i> U. S. intention to facilitate redemption of bonds of 1912 loan as soon as arrangements can be made under new plan; desire that bondholders shall suffer no inconvenience.	615
Apr. 15 (16)	<i>From the Minister in Liberia (tel.)</i> From President: Advice that financial crisis confronts Government, limit of its credit with Bank of British West Africa having been reached; inquiry as to when loan plan may be expected to receive Congressional action.	616
Apr. 22 (147)	<i>To the Minister in Liberia</i> Instructions to Worley to investigate and, if report is true, to make representations on part of bondholders of 1912 loan against disbursements on account of frontier force, etc., while arrears of interest on loan remain unpaid.	616
May 12 (14)	<i>To the Minister in Liberia (tel.)</i> Instructions to inform Government of passage by House of joint resolution authorizing 5-million-dollar credit to Liberia, and hope that Senate will take prompt action.	617
May 13 (18)	<i>From the Minister in Liberia (tel.)</i> Intention of Liberian Treasurer, approved by Worley, to meet financial crisis by giving as collateral 10,000 pounds of German liquidated-property funds already pledged as security under 1921 loan agreement.	617
May 23 (17)	<i>To the Minister in Liberia (tel.)</i> Request for data regarding financial situation, including floating debt, amount of internal revenues due and collected, etc.	618

LIBERIA

FAILURE OF THE LOAN PLAN OF 1921 TO RECEIVE THE SANCTION OF THE
AMERICAN CONGRESS—Continued

Date and number	Subject	Page
1922 May 31 (65)	<i>From the Minister in Liberia</i> Justification of action taken in use of German liquidated-property funds as security for loans. Note dated May 27 from Liberian Treasurer to Manager of Bank of British West Africa (text printed) authorizing transfer of above-mentioned funds.	618
June 5 (18)	<i>To the Minister in Liberia (tel.)</i> Instructions to inform Government that Senate Finance Committee reported favorably to Senate on resolution to authorize loan to Liberia.	620
July 13 (23)	<i>To the Minister in Liberia (tel.)</i> Disapproval of action of Minister and Worley in approving arrangement of May 27 with Bank of British West Africa. Instructions to make representations and state U. S. expectation of prompt restoration of funds on receipt of taxes and application of advances made therefrom to current expenses.	620
Aug. 1 (25)	<i>From the Minister in Liberia (tel.)</i> Reasons for action taken in financial crisis.	622
Aug. 17 (26)	<i>To the Minister in Liberia (tel.)</i> Importance of receiving data on financial situation already twice requested, also report on results of representations made to Government.	622
Sept. 7 (107)	<i>From the Minister in Liberia</i> Enumeration of reasons for action taken in financial crisis. Note dated August 25 from Liberian Acting Secretary of State (text printed) calling attention to U. S. inaction in impending financial crisis, U. S. implications and distrust, and impropriety of rebuking Liberian officials. Transmittal of financial information as requested (text printed).	623
Sept. 8 (30)	<i>From the Minister in Liberia (tel.)</i> Imminence of another financial crisis unless expected revenues, not now being received to extent anticipated, materialize by October 1. Request for instructions.	631
Sept. 16 (28)	<i>To the Minister in Liberia (tel.)</i> Instructions, in case intimated crisis develops and bank asks further endorsement of Liberian pledge of German liquidation funds, to cable bank's proposal to Department and await instructions.	631
Sept. 27 (33)	<i>From the Minister in Liberia (tel.)</i> Information that collection of hut taxes has postponed crisis temporarily. Government's desire to know status of loan bill.	632
Oct. 7 (30)	<i>To the Minister in Liberia (tel.)</i> Instructions to inform Government that action on Liberian loan bill cannot be expected before latter part of December.	632
Dec. 8 (34)	<i>To the Minister in Liberia (tel.)</i> Instructions to inform Government that there is no prospect of a U. S. loan and that Liberia should arrange desired financial aid from other sources. Intimation of interest of U. S. private bankers in loan to Liberia.	632

LIBERIA

FAILURE OF THE LOAN PLAN OF 1921 TO RECEIVE THE SANCTION OF THE
AMERICAN CONGRESS—Continued

Date and number	Subject	Page
1922 Dec. 14 (40)	<i>From the Minister in Liberia (tel.)</i> Liberia's inquiry whether failure of loan indicates withdrawal of U. S. diplomatic support and counsel; its inquiry also concerning private bankers mentioned.	633
Dec. 26 (36)	<i>To the Minister in Liberia (tel.)</i> Assurances of U. S. friendly attitude toward Liberia and suggestion of appointment of agent to whom interested bankers may be referred for negotiations as to loan.	633

STEPS TAKEN TOWARD COMPLETING THE DELIMITATION OF THE
FRANCO-LIBERIAN BOUNDARY

1921 Nov. 8	<i>From President King</i> Request for U. S. good offices with French Government in bringing to early and final settlement question of Franco-Liberian boundary delimitation; request also for competent assistant to aid Commissioner Daves in boundary survey.	634
Nov. 15	<i>To President King</i> Reply stating that Department will be glad to use good offices with French Government for completing delimitation of boundary, and that matter of designating assistant to Daves will receive attention.	634
Dec. 3 (111)	<i>To the Ambassador in France</i> Instructions to request that work of demarcation on Franco-Liberian boundary be resumed and completed as soon as possible, and that spirit of liberality toward Liberia be observed.	634
1922 Jan. 5 (1109)	<i>From the Ambassador in France</i> French explanation that delay in proceeding with boundary delimitation was due to difficulty of finding competent expert willing to be sent up country; suggestion that Liberia insist upon appointment of French commissioner in order to force hand of French Ministry of Colonies.	635
Jan. 31 (5)	<i>To the Minister in Liberia (tel.)</i> Instructions to suggest that Government urge France through its representative to appoint and send boundary commissioner to join Liberian representative in completing delimitation.	636
Apr. 19 (51)	<i>From the Minister in Liberia</i> Liberian reply, March 31 (text printed) that French Government has not yet been approached in matter of appointing commissioner, as Daves advises that best interests of Republic would not be served by urging immediate resumption of delimitation.	636
Dec. 15 (41)	<i>From the Minister in Liberia (tel.)</i> Daves' contract with Liberia to complete work of delimitation. Request for advice as to position fiscal agents will take should receivership pay expenses of boundary survey from assigned revenues.	637

LIBERIA

STEPS TAKEN TOWARD COMPLETING THE DELIMITATION OF THE
FRANCO-LIBERIAN BOUNDARY—Continued

Date and number	Subject	Page
1922 Dec. 22 (35)	<i>To the Minister in Liberia (tel.)</i> Preparations of Daves to resume work on boundary survey; suggestion that Liberia ascertain directly from fiscal agents their position relative to payment of boundary survey expenses from assigned revenues.	638

MEXICO

QUESTION OF THE RECOGNITION OF THE GOVERNMENT OF GENERAL OBREGON
BY THE UNITED STATES

1922 Jan. 25 (9)	<i>To the Chargé in Mexico (tel.)</i> Information that Department has been advised that Obregon will authorize signature of treaty of amity and commerce immediately after signing of two claims conventions, provided U. S. recognition is extended upon signing of first convention. Instructions to cable developments or proposals, but to avoid committing Department.	639
Feb. 1 (16)	<i>From the Chargé in Mexico (tel.)</i> Proposals made by Secretary of State to sign first claims convention, thereby recognizing Obregon government, the second claims convention to be signed immediately thereafter, and that after recognition Obregon will negotiate treaty of amity and commerce provided it contains nothing opposed to fundamental laws of Mexico.	639
Feb. 4 (14)	<i>To the Chargé in Mexico (tel.)</i> Instructions to inform Secretary of State that proposals cannot be entertained unless rights of U. S. citizens acquired prior to adoption of 1917 Constitution are adequately safeguarded, article 1 of treaty of amity and commerce having been drafted solely with this object in view.	640
Feb. 10 (4970)	<i>From the Chargé in Mexico</i> Note from Secretary of State, February 9 (text printed) reiterating proposals concerning signature of claims conventions and recognition, to be followed by negotiations for treaty of amity and commerce; and setting forth objections of legal and political character to articles 1 and 2 of draft treaty of amity and commerce.	641
Apr. 15 (2044)	<i>To the Chargé in Mexico</i> U. S. willingness to have claims conventions signed first provided it is clearly understood that signing of treaty of amity and commerce, with provisions previously agreed upon and put in draft form, shall follow without delay. Observations, in detail, on Mexican objections to provisions of draft treaty.	646
May 5 (5437)	<i>From the Chargé in Mexico</i> Note from Secretary of State, May 4 (text printed) taking exception to certain interpretations placed upon his previous note; maintaining previous position on treaty of amity and commerce.	652

MEXICO

QUESTION OF THE RECOGNITION OF THE GOVERNMENT OF GENERAL OBREGON
BY THE UNITED STATES—Continued

Date and number	Subject	Page
1922 May 15 (70)	<i>To the Chargé in Mexico (tel.)</i> Instructions to request elucidation of certain paragraph of Mexican note of May 4, which appears to propose a third convention to be substituted for draft treaty of amity and commerce; also specific information concerning Mexican political and administrative program relative to foreign interests referred to in same note.	660
May 25 (5560)	<i>From the Chargé in Mexico</i> Note from Secretary of State, May 24 (text printed) conveying corrected translation of questioned paragraph, which contains no mention of a third convention; and discussing at length political and administrative program relative to foreign interests which government has been developing.	660
July 12	<i>From the Chief of the Division of Mexican Affairs, Department of State</i> Message to Mexican Embassy, June 22 (text printed) stating the President and Secretary of State would be pleased to talk with Huerta should he come to Washington.	669
July 21	<i>Memorandum by the Chief of the Division of Mexican Affairs, Department of State, of a Conference between the Secretary of State and the Mexican Secretary of Hacienda, July 18, 1922</i> Discussion of Mexican Supreme Court decisions in <i>amparo</i> cases; confiscation; bankers' agreement; agrarian legislation; recognition; treaty of amity and commerce.	670
July 28	<i>To the Chargé in Mexico</i> Contention that Mexican administrative and political program has not progressed to such binding action as could be regarded as a satisfactory substitute for the binding engagements which the United States desires for the protection of the rights of its citizens in Mexico.	674
Aug. 15 (2185)	<i>To the Chargé in Mexico</i> Press release issued by Department August 10 (text printed) concerning four decisions of Mexican Supreme Court in <i>amparo</i> cases.	680

ATTITUDE OF OTHER GOVERNMENTS TOWARD RECOGNITION OF THE OBREGON
GOVERNMENT

1922 Feb. 2 (27)	<i>From the Minister in Norway</i> Norway's formal recognition on January 14 of Obregon as President of Mexico for business reasons and in view of recognition by Sweden, Denmark, and the Netherlands.	682
Apr. 3	<i>From the Chief of the Division of Mexican Affairs, Department of State</i> Japanese inquiry as to correctness of press statement of U. S. intention to recognize Mexican Government; reply advising that U. S. position has not changed since Department's public statement of June 8, 1921.	683

MEXICO

ATTITUDE OF OTHER GOVERNMENTS TOWARD RECOGNITION OF THE OREGON GOVERNMENT—Continued

Date and number	Subject	Page
1922 June 7 (58)	<i>From the Minister in Poland (tel.)</i> Arrival in Poland of Mexican Chargé at Paris, where it is expected he will make appeal for recognition of his Government. Request for instructions.	683
June 9 (57)	<i>To the Minister in Poland (tel.)</i> Instructions to state that Department would regret to see Poland abandon its position of waiting for U. S. recognition, and to add that Poland will be promptly notified of any change of U. S. policy.	683
Aug. 7	<i>The Chief of the Division of Mexican Affairs, Department of State, to the Acting Chief of the Division of Latin American Affairs</i> Cuban Chargé's inquiry concerning U. S. intention to recognize Mexico, adding that Cuba's policy is same as that of the United States; response that Cuba will be informed in case of change in U. S. policy.	684
Aug. 29 (63)	<i>From the Ambassador in Belgium (tel.)</i> Request that Foreign Minister be reassured that U. S. recognition of Mexico is not imminent, and that Belgium will be notified beforehand according to promise, if, and when, recognition is contemplated.	684
Aug. 31 (48)	<i>To the Ambassador in Belgium (tel.)</i> Instructions to assure Belgium that U. S. recognition of Mexico is not imminent, and that Belgium will be notified when such is contemplated.	685

AGREEMENT BETWEEN THE MEXICAN SECRETARY OF HACIENDA AND THE INTERNATIONAL COMMITTEE OF BANKERS ON MEXICO, RESPECTING MEXICAN FOREIGN OBLIGATIONS

1922 May 16	<i>From the Alternate Chairman of the International Committee of Bankers on Mexico</i> Advice of Huerta's intended arrival in New York June 2 to confer with committee; Lamont's departure from London, accompanied by representatives of British and French sections of committee, to attend conferences with Huerta.	685
July 7	<i>From the Alternate Chairman of the International Committee of Bankers on Mexico</i> Agreement between Huerta and committee signed June 16 (text printed) formulating plan for service of Mexico's external obligations and National Railways debt together with certain internal loans.	686

MEXICO

ADJUSTMENT AND EXTENSION OF THE ARRANGEMENT OF 1921 BETWEEN THE OIL COMPANIES AND THE MEXICAN GOVERNMENT REGARDING TAXATION

Date and number	Subject	Page
1922 Feb. 23	<i>From the Consul in Charge at Mexico City (tel.)</i> Decree effective February 21, providing that export duties on petroleum may be paid in Mexican gold or bonds of public debt as may be determined.	692
Apr. 29 (5407)	<i>From the Chargé in Mexico</i> Conference in Mexico City between Huerta and committee of oil executives.	693
May 11	<i>From the President of the Standard Oil Company of New Jersey</i> Account of conferences at Mexico City between Huerta and committee of oil executives, April 24 to May 3: agreement regarding permanent basis for imposition of taxes; inability to agree on plan for further development of Mexican petroleum resources.	693
May 26	<i>From the Chief of the Division of Mexican Affairs, Department of State</i> Information that H. N. Branch, local representative of Mexican Petroleum Co., has received advice that Huerta will be in New York on June 2.	696
July 10	<i>From the Chief of the Division of Mexican Affairs, Department of State</i> Branch's desire for conference with Secretary in connection with Huerta's proposal that petroleum companies lend Mexico 25 million dollars in the nature of an advance on petroleum taxes to be redeemed within at least 5 years, concession being offered by way of reduction in taxes.	696
July 11	<i>Memorandum by the Chief of the Division of Mexican Affairs, Department of State, of a Conversation between the Secretary of State and H. N. Branch, Representing Oil Companies Operating in Mexico</i> Branch's restatement and elaboration of Huerta's proposal; Secretary's statement that United States does not find itself in a position to recognize existing Mexican regime and consequently cannot approve loan.	697
July 11	<i>From the Chief of the Division of Mexican Affairs, Department of State</i> Branch's opinion that committee will refuse loan to Mexico.	699
July 22	<i>From the Chief of the Division of Mexican Affairs, Department of State</i> Huerta's demand on petroleum companies for export taxes for shipments of petroleum from Mexico since January last, which is pledged to payment of interest on Mexican debt. Indications of falling off of production taxes which may increase tax rate.	699
Nov. 7	<i>From the Chief of the Division of Mexican Affairs, Department of State</i> Question of whether export tax on petroleum should be paid in New York without giving petroleum companies benefit of exchange, or paid in Mexican gold in Mexico.	700

MEXICO

MEXICAN CHARGES OF AMERICAN INTERFERENCE WITH OIL LEGISLATION

Date and number	Subject	Page
1922 Oct. 12 (6420)	<i>From the Chargé in Mexico</i> Transmittal of latest draft of proposed organic law on petroleum, as received indirectly from Huerta. Conversation, October 10, with Secretary of State, who stated that Department's observations and comments on draft might be helpful to Mexican authorities.	700
Oct. 26 (6520)	<i>From the Chargé in Mexico</i> Secretary of State's request that Chargé furnish him copy of draft organic law on petroleum for comparison with official text; and note, October 21 (text printed) promising to furnish Chargé with copy of law as soon as it is presented to Congress.	701
Oct. 27	<i>From the Chief of the Division of Mexican Affairs, Department of State</i> Chargé's letter, dated October 19 (excerpt printed) stating that text of draft law is subject to many changes and that he has requested Secretary of State to furnish final official text; his conversation, October 18, with Secretary of State, who stated that Mexico would welcome honest criticism of proposed law.	702
Nov. 11 (169)	<i>To the Chargé in Mexico (tel.)</i> Authorization to state that draft petroleum bill submitted is inadequate in matter of protection of lawfully acquired rights of U. S. citizens.	702
Nov. 17 (122)	<i>From the Chargé in Mexico (tel.)</i> Reply of Secretary of State that neither he nor Obregon had any previous knowledge of draft organic law in possession of Chargé; that Obregon had not yet submitted to Chamber of Deputies any project relative to matter in reference; and that dignity and sovereignty of the nation preclude previous censorship of its legislation by foreign governments.	703
Nov. 18 (124)	<i>From the Chargé in Mexico (tel.)</i> Publication of correspondence between Chargé and Secretary of State on draft of organic law on petroleum, as a grave international incident; political speeches in Chamber of Deputies in support of Obregon's stand on what is termed U. S. attempt to censor proposed Mexican legislation.	703
Nov. 20 (171)	<i>To the Chargé in Mexico (tel.)</i> Instructions to invite attention to U. S. official press statement issued November 18 (text printed) disavowing any intention to interfere with Mexico's internal affairs and stating that Mexico's confiscatory policy stands in way of U. S. recognition and international intercourse; understanding that comments on draft bill had been invited.	703
Nov. 21	<i>To Certain Diplomatic Representatives (tel.)</i> Transmittal of Department's press statement of November 18 to be used at discretion of representatives, in view of Mexico's public charge of U. S. interference in internal affairs.	705
Nov. 22	<i>From the First Secretary of the Mexican Embassy</i> Statement by Mexican Foreign Office (text printed) denying that it had furnished Chargé with petroleum bill or had requested comments thereon, accepting, however, U. S. statement of no intention of trespassing on Mexico's sovereignty, and calling the case closed.	705

MEXICO

MEXICAN CHARGES OF AMERICAN INTERFERENCE WITH OIL LEGISLATION—
Continued

Date and number	Subject	Page
1922 Nov. 25 (2283)	<i>To the Chargé in Mexico</i> Instructions to advise Secretary of State orally that he has no desire to continue discussion, but that it seems necessary to invite attention to his understanding from conversations with Secretary of State on October 10 and 18 that Department's observations or comment on draft might be helpful to Mexican authorities, and that they would welcome honest criticism.	706
Dec. 6 (6707)	<i>From the Chargé in Mexico</i> Report on interview with Secretary of State in which Chargé called attention to understanding from conversations of October 10 and 18.	707

CONTINUED PROTESTS BY THE UNITED STATES AGAINST AGRARIAN MEASURES
IN MEXICO

1922 Jan. 27 (13)	<i>From the Chargé in Mexico (tel.)</i> Publication of Executive decree regulating issuance and amortization of bonds of public agrarian debt, based on article 7 of law of 1920, and providing that value of expropriated land be fixed at registered tax valuation plus 10 percent.	708
Jan. 30 (11)	<i>To the Chargé in Mexico (tel.)</i> Instructions to make representations relative to reported provision of decree as to payment for expropriated land.	708
Mar. 6 (1996)	<i>To the Chargé in Mexico</i> Instructions to make representations concerning provisions of Executive decree of February 7 with respect to paragraph 1 of article 27 of the 1917 Constitution.	709

SUIT BROUGHT BY THE OLIVER TRADING COMPANY AGAINST THE GOVERNMENT
OF MEXICO IN UNITED STATES DISTRICT COURT IN NEW YORK

1922 Oct. 27	<i>To the Governor of the State of New York (tel.)</i> Advice concerning attachment of property of International Railways of Mexico and official property of Mexican Financial Agency and consulate general in New York, causing the suspension of consulate's functions, in suit of Oliver Trading Co. instituted in Supreme Court of New York against Mexican Government. Opinion that Mexican consul general should be accorded inviolability, even though he has received no exequatur. Request that law officer of State be directed to take matter up with court with view to release of official property of consulate general.	709
Oct. 27	<i>From the Governor of the State of New York (tel.)</i> Reply that attachment of property of consulate general has been referred to attorney general, who will ascertain whether Department's desire can be accomplished.	711

MEXICO

SUIT BROUGHT BY THE OLIVER TRADING COMPANY AGAINST THE GOVERNMENT OF MEXICO IN UNITED STATES DISTRICT COURT IN NEW YORK—Continued

Date and number	Subject	Page
1922		
Oct. 27	<i>From the Deputy Attorney General of the State of New York (tel.)</i> Willingness of Oliver Trading Co. to vacate attachment pertaining to property of Mexican consulate general in New York; and their denial that attachment was of such character as to necessitate suspension of consulate's functions.	711
Oct. 27 (115)	<i>From the Chargé in Mexico (tel.)</i> Publication of Foreign Office statement that if protest to Department against action of Oliver Trading Co. is not effective, consulate in New York will be closed.	711
Oct. 31	<i>Memorandum by Mr. Joseph R. Baker, of the Office of the Solicitor for the Department of State</i> Conference between Department officials and legal representatives of Obregon Administration and New York bankers dealing in Mexican bonds regarding attachments in suit of Oliver Trading Co. and character of remedial action which may be taken by Department.	712
Oct. 30	<i>Mexican Executive Decree</i> Suspending commercial relations with the State of New York.	714
Oct. 31	<i>To the Attorney General of the State of New York</i> Confirmation of telegram to Governor of New York (text printed) requesting that a law officer of the State be directed to appear before Supreme Court in suit of Oliver Trading Co. and present statement upon authority of State Department (text printed) that nonrecognition of Mexican Government does not affect recognition of Mexican State itself.	715
Nov. 4	<i>To the Governor of the State of New York</i> Advice concerning Mexican request for U. S. good offices in raising order of attachment on property of Financial Agency, International Railways of Mexico, and deposits of Mexican funds. Request that same action be taken as in case of consulate property.	715
Nov. 14	<i>From the Governor of the State of New York</i> Information that case of Oliver Trading Co. has been removed from State to Federal courts and that further intervention by attorney general will not be necessary.	716
Nov. 20	<i>From the Governor of the State of New York</i> Assurance that every courtesy will be extended to Faustino Roel, newly appointed consul general of Mexico at New York City, in accordance with Department's policy.	716
Dec. 14	<i>From the First Secretary of the Mexican Embassy</i> Information that consul general at New York has been designated to appear before U. S. judges in case of Oliver Trading Co., to confirm Mexican protests that judges have no jurisdiction over case in which Government appears as defendant.	717

MEXICO

TERMINATION OF THE EMBARGO ON THE SHIPMENT OF ARMS FROM THE UNITED STATES TO MEXICO

Date and number	Subject	Page
1922 Mar. 3 (32)	<i>To the Chargé in Mexico (tel.)</i> Instructions to seek Obregon's views in regard to terminating or reimposing arms embargo, in view of the repeal of U. S. legislation forming legal basis for arms embargo resolution of 1919 and the necessity for issuance of new proclamation for continuance of embargo.	717
Mar. 6 (32)	<i>From the Chargé in Mexico (tel.)</i> Obregon's statement that present peaceful conditions in Mexico do not warrant renewal of arms embargo decree.	718
Mar. 7 (34)	<i>To the Chargé in Mexico (tel.)</i> Public announcement that embargo will not be renewed at this time.	719

MOROCCO

PROTEST BY THE UNITED STATES AGAINST AN EXCLUSIVE CONCESSION FOR THE CONSTRUCTION AND OPERATION OF A PORT AT TANGIER

1921 Dec. 22 (123)	<i>To the Ambassador in France</i> Note for Foreign Office (text printed) protesting against exclusive concession granted June 2, 1921, to "Société Internationale pour le Développement de Tanger" for construction and operation of port at Tangier, as derogatory to provisions of Act of Algeciras, which assures to U. S. nationals equal opportunity in all public enterprises in Shereefian Empire.	720
1922 Jan. 19 (1239)	<i>From the Ambassador in France</i> French reply, January 18 (text printed) stating that Tangier port concession was granted pursuant to provisions of treaties in force; that terms of concession would be modified so as to provide for public bidding; and that regime of open door remains in force in Morocco.	721
July 13 (203)	<i>To the Ambassador in Great Britain (tel.)</i> U. S. attitude toward Tangier port concession as expressed in conversation with French Ambassador on July 10. (Instructions to repeat to Paris, Madrid, and Tangier.)	723
Sept. 21 (432)	<i>To the Chargé in France</i> Brief review of U. S. position in Tangier port concession and correspondence exchanged; decision to communicate with other powers signatory to Act of Algeciras. Instructions to communicate information to Foreign Office and request French attitude.	723
Oct. 17 (406)	<i>From the Ambassador in France (tel.)</i> Information concerning Spanish and British protests; Spanish Ambassador's request that United States associate itself with these protests.	731

MOROCCO

PROTEST BY THE UNITED STATES AGAINST AN EXCLUSIVE CONCESSION FOR THE
CONSTRUCTION AND OPERATION OF A PORT AT TANGIER—Continued

Date and number	Subject	Page
1922 Oct. 19 (324)	<i>To the Ambassador in France (tel.)</i> Instructions to explain to Spanish Ambassador that bases of positions of Spain and United States are not sufficiently similar to warrant joint representations to France.	731
Oct. 20 (227)	<i>To the Diplomatic Agent and Consul General at Tangier</i> Transmittal of copy of Department's instructions of September 21 for presentation to Vizier at Tangier with information that negotiations have now been transferred to France. Purport will also be conveyed to diplomatic representatives at Washington of France, Great Britain, Spain, Belgium, Italy, Netherlands, Portugal, and Sweden.	732
Nov. 3 (445)	<i>From the Ambassador in France (tel.)</i> French reply, dated October 28, referring to Franco-German agreement of 1911, which has been applied for 11 years without protest; also to rights in Morocco relinquished by Germany as reserved to France and Morocco in accord with Versailles Treaty; France's expectation that U. S. Legation will be instructed to cease opposition to concession.	732
Nov. 3 (357)	<i>To the Ambassador in France (tel.)</i> Information that French reply to Spanish protest states France is unable, or unwilling, to influence Sultan of Morocco to amend plans for adjudication of contract on November 9. Instructions, if similar reply is received to U. S. protest, to call attention to representations and reserve all U. S. rights in premises.	733
Nov. 4 (361)	<i>To the Ambassador in France (tel.)</i> Instructions to reply to French Government in sense already transmitted, adding that United States obviously cannot instruct agent at Tangier to cease opposition to port concession.	734
Nov. 4 (21)	<i>To the Diplomatic Agent and Consul General at Tangier (tel.)</i> Information regarding status of negotiations; U. S. refusal to accept French contention that by failing to protest in one or more instances, the United States has waived its right to protest in present instance.	734
Nov. 9	<i>From the Diplomatic Agent and Consul General at Tangier (tel.)</i> Published announcement of postponement of port adjudication until further notice. British report that port adjudication has been postponed until after Lausanne Conference.	735
Nov. 11 (22)	<i>To the Diplomatic Agent and Consul General at Tangier (tel.)</i> Postponement attributed by French Government to financial reasons. Instructions.	735
Nov. 11 (370)	<i>To the Ambassador in France (tel.)</i> Information concerning British report that port adjudication has been postponed until after Lausanne Conference.	735

MOROCCO

INSISTENCE BY THE UNITED STATES UPON THE JURISDICTION OF ITS CONSULAR COURTS OVER AMERICAN PROTÉGÉS IN MOROCCO

Date and number	Subject	Page
1921 Jan. 3 (713)	<p><i>To the Ambassador in France</i> Note for Foreign Office (text printed) recounting circumstances of arrest of U. S. protégé, Allal Ben El-Mamoon, and his trial and condemnation by court martial carried out by French authorities in Morocco; conveying Department's confirmation of representations made by U. S. agent at Tangier, protest against action in violation of treaties, and request for release and surrender of U. S. protégé to U. S. consular authorities in Morocco, since proclamation of martial law cannot in absence of U. S. consent confer upon French military tribunals jurisdiction over U. S. protégés.</p>	736
Feb. 8 (2127)	<p><i>From the Ambassador in France</i> French note, February 5, 1921 (text printed) declining to comply with U. S. request, on grounds that according to principles of international law an army of occupation must provide its own security, that absence of agreement on part of United States does not prevent application of martial law, that by recognizing French protectorate in Morocco United States has in advance acquiesced in all necessary military measures, and that British and French have agreed in Morocco and in Egypt that capitulatory justice is waived in favor of military jurisdiction.</p>	739
Dec. 29 (129)	<p><i>To the Ambassador in France</i> Note for Foreign Office (text printed) renewing request for surrender of U. S. protégé to U. S. consular authorities, while maintaining that military jurisdiction should be extended only in cases where safety of army of occupation is endangered and that in recognizing French protectorate United States did not relinquish capitulatory rights.</p>	741
1922 Jan. 24 (206)	<p><i>To the Diplomatic Agent and Consul General at Tangier</i> Receipt of agent's report that he has declined to render executory against U. S. protégé a judgment forwarded by French Resident General. Department's preference to refrain from making comment.</p>	745
May 26 (304)	<p><i>To the Ambassador in France</i> Instructions to express gratification at remission of sentence which remained to be served by U. S. protégé, and to inquire whether France intends to offer amends for his long detention.</p>	745
June 21 (2027)	<p><i>From the Ambassador in France</i> Report that France does not intend to make amends to U. S. protégé for long detention; that sentence was remitted out of friendship for U. S. Government and does not imply any acquiescence in U. S. point of view.</p>	746
Oct. 17 (457)	<p><i>To the Chargé in France</i> Note for Foreign Office (text printed) expressing hope that further consideration will be given to U. S. representations regarding violation of U. S. treaty rights with reference to this U. S. protégé and that Government will offer him suitable amends.</p>	746
Dec. 26 (2745)	<p><i>From the Ambassador in France</i> French reply, December 23, maintaining view that original condemnation of U. S. protégé was in order, that pardon was granted as act of courtesy to U. S. Government, and that no indemnity can be considered.</p>	747

NICARAGUA

ASSISTANCE OF THE UNITED STATES LEGATION IN HALTING A REVOLUTIONARY OUTBREAK AT MANAGUA

Date and number	Subject	Page
1922 May 21 (31)	<i>From the Minister in Nicaragua (tel.)</i> Report of revolutionary outbreak at Managua and capture of Loma fortress; Legation's intervention and offer of protection to President and Cabinet; conference at Legation by representatives of both sides ending in agreement to surrender fortress. Request for approval of action taken.	748
May 23 (21)	<i>To the Minister in Nicaragua (tel.)</i> Approval of action taken in halting revolutionary outbreak.	749
Undated	<i>Memorandum by the Secretary of State of a Conversation with the Nicaraguan Minister, May 25, 1922</i> Nicaraguan Minister's expression of appreciation of action taken by U. S. Minister in quelling revolution in Nicaragua; Secretary's expression of approval of action.	749
Aug. 26 (34)	<i>To the Minister in Nicaragua (tel.)</i> Instructions not to intervene in internal disturbances except in emergency which actually threatens safety of Legation or Legation Guard, without definite instructions from Department; and not to permit use of marine camp as base for Government operations.	750

PANAMA

PROPOSALS FOR THE NEGOTIATION OF A NEW TREATY BETWEEN THE UNITED STATES AND PANAMA

1921 Jan. 7 (775)	<i>To the Minister in Panama</i> Request for available information as to what modifications of agreements now in force are desired by Panama in negotiating for new treaty.	751
Apr. 2	<i>From the Panaman Secretary of Government and Justice on Special Mission</i> Enumeration of certain difficulties which have arisen in connection with execution of treaty of 1903, as interpreted by U. S. authorities in the Isthmus, to detriment of Panama; desire for new treaty or protocol of understanding as to terms of existing treaty.	751
1922 Sept. 1	<i>To President Harding</i> Recommendation that Congress be requested to authorize the abrogation of the Taft Agreement, the various Executive orders comprising the agreement having been ratified and confirmed by Canal Act of August 24, 1912.	761
Undated	<i>Memorandum by the Secretary of State of a Conversation with the Panaman Minister, October 5, 1922</i> Necessity of Congressional action to abrogate Taft Agreement, after which negotiations can be taken up with Panama for suitable agreement. Minister's intention to communicate this procedure to his Government, to clear up misunderstanding.	762

POLAND

ATTITUDE OF THE DEPARTMENT OF STATE TOWARD THE SALE OF POLISH LAND
MORTGAGE BONDS IN THE UNITED STATES

Date and number	Subject	Page
1922 June 16	<i>From the Secretary of Commerce</i> Memorandum (text printed) with suggested courses of action State Department might take regarding sale of Polish land mortgage bonds in United States.	764
July 24	<i>To the Secretary of Commerce</i> Opinion that Department would be going outside its sphere of action if it undertook to intervene in transactions such as sale of Polish land mortgage bonds.	765

PORTUGAL

DISCOURTESY TO THE PORTUGUESE FLAG AT PROVIDENCE, R. I., AND EXPRESSIONS
OF REGRET BY THE GOVERNOR OF THE STATE

1922 Undated	<i>Memorandum by the Secretary of State of a Conversation with the Portuguese Minister, March 9, 1922</i> Information concerning incident at Providence, R. I., where policeman hauled down Portuguese flag at vice consulate; protest by vice consul and the Mayor's apology. Suggestion that Governor also convey regret, in view of widespread resentment of Portuguese in country.	767
Mar. 11	<i>To the Governor of Rhode Island</i> Suggestion that Governor's aide be sent to Portuguese vice consulate to express regret, in view of widespread comment among Portuguese, notwithstanding explanations and regrets having already been offered by Mayor of Providence.	767
Mar. 30	<i>To the Portuguese Minister</i> Information that Governor will send his secretary and military aides to express regret.	768
Apr. 4	<i>From the Portuguese Minister</i> Expression of gratification at Secretary's intervention, and message of appreciation to Governor of Rhode Island for action taken.	768

RUSSIA

FAILURE OF THE GENOA CONFERENCE TO ATTAIN A GENERAL UNDERSTANDING
BETWEEN RUSSIA AND THE OTHER POWERS

1922 Apr. 11 (1)	<i>From the Ambassador in Italy (tel.)</i> Report on opening session of Genoa Conference, and attitude of the various powers toward Russian problem. Boastful character of Chicherin's speech.	770
Apr. 24 (11)	<i>From the Ambassador in Italy (tel.)</i> Possibility of separate treaties with Soviet Russia if conference agreement is blocked; Soviet policy of refusing recognition of former concessions, claiming them under nationalization of property.	771

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FAILURE OF THE GENOA CONFERENCE TO ATTAIN A GENERAL UNDERSTANDING
BETWEEN RUSSIA AND THE OTHER POWERS—Continued

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1922		
May 2	<i>To the Ambassador in Italy (tel.)</i> Instructions to investigate report that Royal Dutch Shell has concluded arrangements with Soviet delegates for concessions in Russia.	772
May 2 (19)	<i>From the Ambassador in Italy (tel.)</i> Drafting of Allied note to Soviet representatives providing for recognition only after period of probation, insisting upon payment of pre-war debts, restoration of property, etc. Prospect of Soviet refusal to accept. Rumor of secret negotiations for oil concessions, which would infringe upon Nobel oil properties.	772
May 3	<i>Memorandum by the Economic Adviser of the Department of State</i> Summary of oil situation in Russia, particularly as affecting Standard Oil-Nobel properties.	773
May 3 (21)	<i>From the Ambassador in Italy (tel.)</i> Conviction that oil negotiations are taking place, in spite of British and Soviet denials. Recommendation that occasion be used to express to British Government U. S. faith that bargains with Soviet which infringe U. S. rights will not receive aid or countenance from Government, even when technically not concluded by British officials.	774
May 4 (22)	<i>From the Ambassador in Italy (tel.)</i> British delegate's denial that Soviet-Dutch Shell agreement has been signed; Soviet delegate's admission of such negotiations.	775
May 4	<i>To the Ambassador in Italy (tel.)</i> Instructions to inquire discreetly into matter of oil negotiations; authorization personally and informally to receive Soviet delegate, if approached.	775
May 4	<i>To the Ambassador in Italy (tel.)</i> Instructions to ascertain precise terms of reported oil agreement between Soviets and Dutch Shell and its effects on rights of U. S. company. Authorization to make clear expectation that U. S. interests will not be jeopardized.	775
May 4 (20)	<i>From the Ambassador in Italy</i> Meeting of Genoa Conference; note of Associated Powers to Soviet delegates, May 2 (text printed) regarding restoration of Russia, with certain conditions as regards propaganda, recognition of public debts, liability for claims, etc. Refusal of Belgian and French delegates to sign, objecting to vague terms in clause 7 regarding prohibition of transfer to third parties of properties in Russia formerly owned by foreigners.	776
May 5	<i>From the Chairman of the Board of Directors of the Standard Oil Co. of New Jersey</i> Information regarding agreement for monopoly of sale of all Russian oil by Soviets and Shell group as equal partners, which would infringe Standard Oil rights in arrangement with Nobel group. Request for assistance and recommendation of U. S. protest against Soviet scheme.	786

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FAILURE OF THE GENOA CONFERENCE TO ATTAIN A GENERAL UNDERSTANDING
BETWEEN RUSSIA AND THE OTHER POWERS—Continued

Date and number	Subject	Page
1922 May 6 (31)	<i>From the Ambassador in Italy (tel.)</i> Intention not to see Soviet delegate until after Soviet Government has replied to Allied memorandum. Report that present status seems satisfactory and U. S. interests less endangered than Paris reports indicate.	788
May 6	<i>To the Ambassador in Italy (tel.)</i> Authorization to state that Department's position as set forth in its telegram of May 4, 7 p. m., applies also to agreement contemplated in clause 7 of Allied memorandum.	788
May 7 (35)	<i>From the Ambassador in Italy (tel.)</i> Report of representations made as instructed. Conversation with Lloyd George who again denied agreement by Dutch Shell, citing danger of rush for private agreements should Genoa Conference fail, which seems probable; proposal of a commission to study and report on reconstruction needs and protection of foreign interests, with agreement not to enter separate deals with Soviets while commission is at work.	789
May 10 (39)	<i>From the Ambassador in Italy (tel.)</i> Redrafting of clause 7 of Allied memorandum, found by all to be unsatisfactory. Report on U. S. representations regarding clause 7 made as instructed.	791
May 11 (42)	<i>From the Ambassador in Italy (tel.)</i> European press statement that U. S. policy regarding Soviet Government coincides with that of Allies, interpreted to mean U. S. change of attitude toward Genoa Conference.	791
May 11 (4)	<i>To the Ambassador in Italy (tel.)</i> Authorization to state that there has been no change in U. S. attitude toward Soviet regime as set forth in note declining participation in Genoa Conference.	791
May 11 (5)	<i>To the Ambassador in Italy (tel.)</i> Authorization to intimate to Allied delegates, in case Genoa negotiations fail, that U. S. Government is always ready to exchange views through diplomatic channels in order to determine future course of action.	792
May 12	<i>From the Ambassador in Italy</i> Soviet reply, May 11, to note of Allied Powers (text printed) criticizing proposed methods for reconstruction of Russia, stressing need of credit for restoring industry and agriculture, raising objections categorically to clauses of note, and consenting to mixed committee of conference to work out reciprocal plan for solving financial difficulties.	792
May 14 (50)	<i>From the Ambassador in Italy (tel.)</i> Informal French proposal (text printed) for U. S. representation on a proposed committee of experts to be chosen by different governments, with authority to call in Russians when it is desired to secure information. Recommendation to accept provided there is no implied obligation to do more than advise.	804

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FAILURE OF THE GENOA CONFERENCE TO ATTAIN A GENERAL UNDERSTANDING
BETWEEN RUSSIA AND THE OTHER POWERS—Continued

Date and number	Subject	Page
1922 May 14 (51)	<i>From the Ambassador in Italy (tel.)</i> Conversation with Lloyd George regarding French proposal, and probability and advantage of U. S. acceptance..	804
May 14 (9)	<i>To the Ambassador in Italy (tel.)</i> U. S. conditional acceptance of French proposal.	805
May 15 (53)	<i>From the Ambassador in Italy (tel.)</i> Formal presentation by Italian Foreign Minister of invitation to join proposed commission to meet at The Hague June 15. Reasons for not recommending acceptance, advising, however, that intimation be given that participation will be considered in case conference has definite proposals.	805
May 15 (54)	<i>From the Ambassador in Italy (tel.)</i> Conference proposal for commission of experts to meet with like Russian commission at The Hague for further consideration of outstanding differences relating to debts, private property, and credits, observing <i>status quo</i> until questions are settled; invitation to the United States to participate.	806
May 15 (10)	<i>To the Ambassador in Italy (tel.)</i> Advice that instructions of May 4, 11 p. m., cannot be acted upon, as invitation is entirely inconsistent with French proposal. Intention to reply to invitation shortly.	807
May 15 (11)	<i>To the Ambassador in Italy (tel.)</i> Note to Italian Foreign Minister (text printed) refusing to participate in meeting at The Hague, proposals being considered as lacking in definiteness, in view of Soviets' memorandum of May 11; willingness, however, to join in arranging for inquiry by experts into economic situation in Russia and necessary remedies.	807
May 16 (12)	<i>To the Ambassador in Italy (tel.)</i> Inquiry regarding apparent difference of policy between Poincaré and French delegate at Genoa, views of former concurring with views of U. S. Government.	808
May 16 (56)	<i>From the Ambassador in Italy (tel.)</i> Presentation of U. S. conditional reply to French proposals. French delegate's opinion that French proposals and the Hague proposal are substantially the same. Suggestion for an expression of assent to the continuing of exchange of views.	809
May 16 (57)	<i>From the Ambassador in Italy (tel.)</i> British request for consultation at Washington between British Ambassador and Secretary of State regarding means by which U. S. views may be met.	810
May 17 (58)	<i>From the Ambassador in Italy (tel.)</i> Confirmation of misunderstanding between French delegate and Poincaré, explanations being demanded by Paris; French delegate's assurances that experts are not to have diplomatic or political status or authority to bind their governments.	810

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FAILURE OF THE GENOA CONFERENCE TO ATTAIN A GENERAL UNDERSTANDING
BETWEEN RUSSIA AND THE OTHER POWERS—Continued

Date and number	Subject	Page
1922 May 17 (13)	<i>To the Ambassador in Italy (tel.)</i> Reiteration of position regarding French proposals and the Hague proposal; intention not to continue fruitless discussions or participate in conference which furnishes stage for declarations ill-adjusted to objects sought; conditions under which United States would participate in direct expert inquiry. Instructions to make U. S. attitude clear. (Instructions to repeat to London, Paris, and Brussels for information.)	811
May 18 (60)	<i>From the Ambassador in Italy (tel.)</i> Krassin's desire for interview, promising confidential communication. Request for instructions.	812
May 18 (14)	<i>To the Ambassador in Italy (tel.)</i> No objections to receiving Krassin unofficially.	813
May 18 (61)	<i>From the Ambassador in Italy (tel.)</i> Communication of U. S. position to delegates, leaving no room for misunderstanding.	813
May 19 (64)	<i>From the Ambassador in Italy (tel.)</i> Perfunctory ending of Genoa Conference; Soviet delegates rebuked by Lloyd George for their memorandum of May 11.	813
May 22 (77)	<i>From the Ambassador in Italy (tel.)</i> Krassin's expression of Soviet confidence in the United States and desire for U. S. recognition and assistance, giving assurances of restoration or restitution for U. S. private property and most-favored-nation treatment.	813
Undated	<i>Memorandum by the Secretary of State of an Interview with the French Ambassador, May 26, 1922</i> Virtual agreement between U. S. and French positions respecting meeting at The Hague. Ambassador's suggestion that the two Governments work out concrete plan for expert inquiry and submit it to other governments. Secretary's desire to give suggestion further consideration.	815
Undated	<i>Memorandum by the Secretary of State of an Interview with the French Ambassador, May 27, 1922</i> Further discussion of French suggestion. Secretary's statement that it would be unwise for United States to join with French Government or make an independent counterproposal which might be construed as designed to frustrate the Hague enterprise.	816

PLEDGE BY THE WESTERN POWERS AT THE HAGUE CONFERENCE AND BY THE
UNITED STATES NOT TO COUNTENANCE INFRINGEMENTS BY THEIR RESPECTIVE
NATIONALS UPON PRIVATE FOREIGN RIGHTS IN RUSSIA

1922 June 16 (38)	<i>To the Chargé in the Netherlands (tel.)</i> Instructions to keep Government informed regarding negotiations taking place at The Hague, acting merely as diplomatic representative at The Hague.	818
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RUSSIA

PLEDGE BY THE WESTERN POWERS AT THE HAGUE CONFERENCE AND BY THE UNITED STATES NOT TO COUNTENANCE INFRINGEMENTS BY THEIR RESPECTIVE NATIONALS UPON PRIVATE FOREIGN RIGHTS IN RUSSIA—Continued

Date and number	Subject	Page
1922 July 13 (64)	<i>From the Chargé in the Netherlands (tel.)</i> Report on failure of conference due to attitude of Russians on debts and private property; negotiations by private interests for concessions; hope of French delegation to have resolution adopted by non-Russian delegations agreeing not to countenance infringement by their respective nationals upon private foreign rights in Russia.	818
July 14 (65)	<i>From the Chargé in the Netherlands (tel.)</i> Inquiry by French and Belgian delegations as to how proposed agreement would be viewed by United States; possibility of extending agreement to include property confiscated from U. S. citizens.	820
July 14 (48)	<i>To the Chargé in the Netherlands (tel.)</i> Hope that non-Russian delegates are not contemplating inviting United States at this time to participate in agreement. Instructions to make clear that United States considers it would be neither helpful nor desirable to take part in extension of Hague deliberations.	820
July 15 (49)	<i>To the Chargé in the Netherlands (tel.)</i> Instructions to give assurance that this Government will not countenance any arrangements with Soviets by U. S. citizens which would jeopardize rights of nationals of other countries, and that same policy is expected of other interested Governments. (Substance sent to Ambassadors in Belgium, France, and Great Britain for respective Foreign Offices.)	821
July 15 (47)	<i>From the Ambassador in Belgium (tel.)</i> Information concerning Belgian initiative in having proposed agreement inserted in conference report and support received from French, Dutch, and Italian delegates, the British hesitating because of lack of representation of United States and Germany. Belgian Government's request for U. S. support.	821
July 19 (68)	<i>From the Chargé in the Netherlands (tel.)</i> Delegates' purpose to pass agreement in conference before its adjournment. Suggestion of psychological effect of a public statement of U. S. attitude. (Footnote: Department's release to press July 20 of instructions of July 15 to its Chargé in the Netherlands.)	822
July 27 (1042)	<i>From the Chargé in the Netherlands</i> Resolution adopted in conference (text printed) containing noninfringement clause, deemed to be a deterrent to oil agreements; unfavorable attitude of British delegation.	823
July 27 (52)	<i>From the Ambassador in Belgium (tel.)</i> Memorandum from Foreign Minister (text printed) requesting U. S. approval of conditions set forth in three reports of subcommissions of credits, private property, and debts, as adopted by non-Russian delegations at Conference.	824
Aug. 17 (47)	<i>To the Ambassador in Belgium (tel.)</i> Recognition of importance of principles expressed in reports in question; decision, however, that no further U. S. statement is necessary in view of former declarations and fact that the United States was not party to conference.	825

RUSSIA

AMERICAN PROPOSAL TO SEND AN ECONOMIC MISSION TO RUSSIA

Date and number	Subject	Page
1922 July 14	<i>From the Secretary of Commerce</i> Inquiry whether Secretary of State is inclined to favor sending technical mission to Russia to study economic situation.	825
July 15	<i>To the Secretary of Commerce</i> Favorable attitude toward sending of technical mission to Russia.	826
July 24 (102)	<i>To the Ambassador in Germany (tel.)</i> Instructions to discuss possibility of sending U. S. commission of experts to study and report on economic conditions in Russia, provided Soviet authorities do not intend to allow an international commission of same nature to enter Russia.	826
July 28 (148)	<i>From the Ambassador in Germany (tel.)</i> Opinion, based on discussions with leaders of all shades of opinion, that committee of experts could not supply information of political nature most needed and that U. S. best policy would be to remain inactive for perhaps one year longer.	827
Aug. 1 (150)	<i>From the Ambassador in Germany (tel.)</i> Conversation with Krassin and Chicherin, in which they state unofficially that no international committee of investigation would be permitted and that U. S. technical commission would be welcomed.	829
Aug. 29 (173)	<i>From the Ambassador in Germany (tel.)</i> Letter from Chicherin, August 28 (text printed) stating officially that Russian Government will allow U. S. businessmen to enter Russia to conduct negotiations relative to concessions, trade, and other economic questions, provided similar Russian commission is permitted to enter the United States.	830
Aug. 29 (115)	<i>To the Ambassador in Germany (tel.)</i> Decision not to press matter of investigating committee but to let proposal come from Moscow authorities.	831
Aug. 30 (116)	<i>To the Ambassador in Germany (tel.)</i> Instructions to inform Chicherin orally that United States might give favorable consideration to sending commission of experts into Russia; but that United States could not discuss negotiations regarding economic and political matters or permit sending of Soviet trade delegation to United States. Press statement (text printed) regarding sending of economic commission to Russia.	831
Sept. 2 (176)	<i>From the Ambassador in Germany (tel.)</i> Interview with Chicherin in which Ambassador presented U. S. refusal to entertain reciprocity suggestion or to consider question of negotiations; Chicherin's promise to obtain attitude of Soviet authorities should United States give favorable consideration to sending commission of experts to Russia.	832
Sept. 16 (187)	<i>From the Ambassador in Germany (tel.)</i> Statement presented by Chicherin (text printed) conveying Russian desire for resumption of commercial relations with United States; refusing, however, to admit U. S. committee of experts as long as United States declines to admit Russian committee of experts. Ambassador's suggestion that United States make public acknowledgment, in view of publicity given, statement.	832

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AMERICAN PROPOSAL TO SEND AN ECONOMIC MISSION TO RUSSIA—Continued

Date and number	Subject	Page
1922 Sept. 18 (122)	<i>To the Ambassador in Germany (tel.)</i> Public announcement of termination of matter of economic mission to Russia, in view of Soviet refusal.	834
Dec. 11 (87)	<i>From the Special Mission at Lausanne (tel.)</i> Intimations received indirectly from Chicherin of desire for reopening negotiations for unofficial U. S. commission to Russia to obtain information, etc. Ambassador Child's opinion that only result would be increased Soviet propaganda and prestige at Lausanne.	834
Dec. 12 (43)	<i>To the Special Mission at Lausanne (tel.)</i> Belief that question of commission to Russia should be carefully avoided at Lausanne.	835

APPEAL TO PRESIDENT HARDING ON BEHALF OF TIKHON, PATRIARCH OF THE RUSSIAN CHURCH, ON TRIAL BEFORE A SOVIET TRIBUNAL

1922 May 15	<i>From the Russian Ambassador</i> Letter dated May 12 to President Harding from Archbishop Alexander of Russian Church in America enclosing appeal from church hierarchy on behalf of Tikhon, Patriarch of Russian Church, about to be placed on trial in Moscow charged with resisting requisition of church treasures by Soviets (texts printed).	835
May [17]	<i>To President Harding</i> Transmittal of letter from Archbishop Alexander enclosing appeal, adding that considerable number of such petitions have been received in Department; opinion that nothing can be done by this Government.	839
May 20	<i>From President Harding</i> Opinion that nothing can be done about church appeal except to acknowledge receipt of petition.	840

JAPANESE EVACUATION OF THE MAINLAND OF SIBERIA AND THE UNION OF THE FAR EASTERN REPUBLIC WITH SOVIET RUSSIA

1922 Jan. 5	<i>From the Chief of the Division of Russian Affairs, Department of State</i> Visit from the Foreign Minister of Priamur Provisional Government at Vladivostok, who presented credentials and was told that information regarding situation in eastern Siberia would be gladly yet informally received; discussion of alleged Franco-Japanese understanding respecting Siberia and agreement between Japanese military representatives and Semenov.	840
Jan. 26 (13)	<i>From the Ambassador in Japan (tel.)</i> Foreign Minister's reiteration of declaration made at Washington that Japanese forces would be withdrawn from Vladivostok when stable conditions have been reestablished. Reports from Vladivostok indicating, however, that Japanese military command there intend to complicate conditions so as to make it necessary to retain troops in Siberia and set up governmental authority.	841

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JAPANESE EVACUATION OF THE MAINLAND OF SIBERIA AND THE UNION OF THE FAR EASTERN REPUBLIC WITH SOVIET RUSSIA—Continued

Date and number	Subject	Page
1922 Feb. 7 (15)	<i>To the Ambassador in Japan (tel.)</i> Instructions for Caldwell to return to Tokyo as Japanese Secretary and for Thomas to remain at Chita, latter to be informed that Major Faymonville is <i>en route</i> to Chita.	842
Feb. 10 (26)	<i>From the Ambassador in Japan (tel.)</i> From Caldwell: Enumeration of demands presented January 19 by the Japanese delegates at Dairen; demands unacceptable to Russians since they are essentially the same as those presented in December 1921; suspension of negotiations.	843
Feb. 17 (29)	<i>From the Ambassador in Japan (tel.)</i> From Vladivostok: Report that Kappel troops forced to retire before superior numbers of Red forces; apparent anxiety in Japanese Army.	844
Mar. 1	<i>From the Chairman of the Special Trade Delegation of the Far Eastern Republic to the United States</i> Note dated February 10 from Foreign Minister of Far Eastern Republic to Japanese Foreign Minister (text printed) protesting against Japanese activity in territory of Far Eastern Republic inconsistent with alleged policy of territorial integrity, nonintervention, and equal opportunity for all nations; citation of specific acts of hostility.	844
Mar. 1 (35)	<i>From the Ambassador in Japan (tel.)</i> Telegram from Thomas at Chita (text printed) transmitting Foreign Minister's request for U. S. aid in preventing robbery of national possessions and arming of counterrevolutionary groups, made possible by presence of Japanese troops.	847
Mar. 4 (12)	<i>From the Consul at Vladivostok (tel.)</i> Dissatisfaction in Vladivostok owing to dictatorial ways of President, bankruptcy of Government, and retreat of Army. Watchful attitude of Japanese.	847
Mar. 9 (22)	<i>To the Ambassador in Japan (tel.)</i> Instructions to inform consul at Vladivostok concerning request of Chita Government for U. S. aid and to convey to him U. S. attitude of strict neutrality in all conflicts between Russian factions, limiting his actions to protection of U. S. interests. Instructions also for Thomas to intimate U. S. attitude of strict neutrality informally to Chita authorities.	848
Apr. 4	<i>From the Chairman of the Special Trade Delegation of the Far Eastern Republic to the United States</i> Present critical situation which has arisen in relations between Far Eastern Republic and Japan; opinion that only immediate withdrawal of Japanese troops can prevent bloodshed and chaos.	848
Apr. 5 (55)	<i>From the Ambassador in Japan (tel.)</i> From Vladivostok: Report from Japanese publicity bureau of minor conflicts between Chita forces and Japanese troops near Spassk.	849

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JAPANESE EVACUATION OF THE MAINLAND OF SIBERIA AND THE UNION OF THE FAR EASTERN REPUBLIC WITH SOVIET RUSSIA—Continued

Date and number	Subject	Page
1922 Apr. 8 (59)	<i>From the Ambassador in Japan (tel.)</i> From Vladivostok: Unofficial reports of heavy losses on both sides in conflict at Spassk, and arrival of large Japanese reinforcements, indicating engagement on larger scale than indicated by Japanese.	849
Apr. 10 (63)	<i>From the Ambassador in Japan (tel.)</i> Reports from Thomas on the Chita Government attitude toward conflict at Spassk and their protest to the Japanese Government.	849
Apr. 20 (66)	<i>From the Ambassador in Japan (tel.)</i> Japanese explanation that termination of Dairen negotiations was caused by withdrawal of Chita delegates; conclusion that Chita delegates had been requested by Moscow to await results of Genoa Conference; preparations for sending relief troops to Siberia.	850
Apr. 26	<i>From the Chairman of the Special Trade Delegation of the Far Eastern Republic to the United States</i> Explanation that Dairen negotiations were terminated by Japanese delegation when Chita delegation demanded that date be set for evacuation of Japanese forces from Siberia. Charge that Japan is not fulfilling its obligations assumed at Washington Conference but is openly carrying out its policy of seizure of territory and sovereignty over Russian population of Far East.	851
June 7 (237)	<i>From the Ambassador in Japan</i> Telegram dated May 27 from Thomas at Chita (text printed) giving opinion of Foreign Minister that attempt will be made by Japan to control Manchuria, Maritime Province, and Mongolia; proposed cooperation with China to oppose plan by joint control of Chinese Eastern Railway, while permitting Inter-Allied Technical Board to function; need for unofficial U. S. support.	852
June 24	<i>From the Japanese Chargé</i> Japan's announcement (text printed) of intention to withdraw Japanese troops from Maritime Province by end of October 1922, taking suitable measures for protection of Japanese subjects.	853
June 27	<i>From the Chief of the Division of Russian Affairs, Department of State</i> Further report of evacuation interpreted to include mainland portion of Province of Sakhalin but not Island of Sakhalin.	854
June 27 (65)	<i>To the Ambassador in Japan (tel.)</i> Instructions to convey U. S. appreciation of Japan's announced intentions of evacuation, at same time tactfully to hold to U. S. opposition to continued occupation of Island of Sakhalin. Inquiries as to measures intended for protection of Japanese residents in evacuated territory.	854
July 6 (95)	<i>To the Ambassador in Japan</i> Attention called, for information of Thomas, to U. S. policy in Siberia which is generally understood and appreciated by Russians, any attempt by Chita authorities to play one power off against another being futile.	855

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JAPANESE EVACUATION OF THE MAINLAND OF SIBERIA AND THE UNION OF THE FAR EASTERN REPUBLIC WITH SOVIET RUSSIA—Continued

Date and number	Subject	Page
1922 July 14	<i>From the Japanese Chargé</i> Japan's public statement (text printed) of intention to withdraw troops from districts opposite Island of Sakhalin, and to withdraw from Russian part of Island of Sakhalin as soon as satisfactory settlement of Nikolaievsk affair has been obtained.	855
Sept. 20 (28)	<i>From the Vice Consul at Vladivostok (tel.)</i> Report of completion of Japanese evacuation of first zone; commencement of evacuation of second zone; and freer movement of Chita troops.	856
Sept. 25	<i>From the Chief of the Division of Russian Affairs, Department of State</i> Conversation with so-called commercial delegate from Far Eastern Republic regarding deadlock in negotiations at Changchun between Japanese and Far East delegates over question of occupation of Russian portion of Island of Sakhalin. His request that U. S. pressure be brought to bear upon Japanese. Assurances given that U. S. representations have already been made to Japan.	856
Sept. 26	<i>From the Chief of the Division of Russian Affairs, Department of State</i> Conversation with Japanese Chargé who announces failure of Japanese-Russian negotiations at Changchun, placing responsibility for failure to agree upon Far Eastern Republic.	857
Sept. 27 (155)	<i>From the Ambassador in Japan (tel.)</i> Uchida's statement (text printed) expressing regret at failure of Changchun Conference, of determination of Japan, nevertheless, to continue withdrawal of troops from mainland and under previously stated conditions from Russian portion of Island of Sakhalin, claiming to have no territorial designs whatever.	858
Sept. 28 (30)	<i>From the Vice Consul at Vladivostok (tel.)</i> Commencement of third period of Japanese evacuation; preparations by local government for mobilization at front.	859
Sept. 28	<i>From the Acting Chairman of the Special Trade Delegation of the Far Eastern Republic to the United States</i> Charge of anarchy and chaos in Far Eastern Republic created by Japanese; failure of Changchun Conference because Republic could not tolerate continued Japanese occupation; appeal to U. S. Government for support in endeavor to be liberated from foreign invasion.	859
Oct. 4 (373)	<i>From the Ambassador in Japan</i> Announcement, dated September 29, by Japanese War Office (text printed) concerning withdrawal of forces along Amur River and vicinity of Nikolaievsk, bringing to an end occupation of mainland opposite Sakhalin.	861
Oct. 11 (162)	<i>From the Ambassador in Japan (tel.)</i> From Thomas: Changes in Chita Government on instructions from Moscow. Foreign Minister's statement that Japanese expressed desire at Changchun to obtain Sakhalin by purchase or exclusive concession, which Russia has refused.	861

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JAPANESE EVACUATION OF THE MAINLAND OF SIBERIA AND THE UNION OF THE FAR EASTERN REPUBLIC WITH SOVIET RUSSIA—Continued

Date and number	Subject	Page
1922 Oct. 11 (163)	<i>From the Ambassador in Japan (tel.)</i> From Vladivostok: Report of slow progress of mobilization; of fighting around Spassk and elsewhere.	862
Oct. 16 (170)	<i>From the Ambassador in Japan (tel.)</i> Report from courier sent to Vladivostok (text printed) on tense situation in view of imminence of occupation by Red Army, necessitating arrangements for protection of Americans in case of emergency.	862
Oct. 17 (171)	<i>From the Ambassador in Japan (tel.)</i> From Vladivostok: General Dietrichs' appeal for protection of families of his soldiers; severe defeat of his army; his intention to turn over authority to town council and vacate. Steps taken by consular officers for protection of civilians during period between Japanese withdrawal and entry of Reds.	863
Oct. 21 (37)	<i>From the Vice Consul at Vladivostok (tel.)</i> Assurances of commander of Chita forces that he would protect lives and property of Americans on entry into Vladivostok.	864
Undated [Rec'd Oct. 26] (38)	<i>From the Vice Consul at Vladivostok (tel.)</i> Completion of Japanese evacuation. Red occupation of city, which was received enthusiastically.	864
Oct. 30	<i>From the Japanese Chargé</i> Notification of completion of Japanese evacuation of Siberian mainland on October 25.	865
Nov. 2 (183)	<i>From the Ambassador in Japan (tel.)</i> From Vladivostok: Assurances of commander in chief at Vladivostok of desire to facilitate entry of U. S. capital and commercial representatives; and, upon request, to consent to freedom of port for U. S. ships.	865
Nov. 3	<i>From the Chief of the Division of Russian Affairs, Department of State</i> Conversation with Commercial Delegate of Far Eastern Republic, Skvirsky, who expressed gratitude for U. S. aid in bringing about Japanese evacuation of Siberian mainland; continued anxiety, however, over presence of Japanese forces on frontiers; intimation that Far Eastern Republic may join Russian federation for protection.	866
Nov. 15	<i>From the Vice Consul on Special Detail at Chita (tel.)</i> Unanimous resolution of popular assembly to dissolve Government, elect revolutionary committee, and apply to Moscow to be taken in as integral part of Soviet Russia.	867
Nov. 19 (200)	<i>From the Ambassador in Japan (tel.)</i> From Chita: Soviet declaration that Far Eastern Republic is integral part of Soviet Russia, confirming personnel of revolutionary committee and authority of latter over Republic, which will retain such laws as are not opposed to new economic policy of Soviet Government.	867

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JAPANESE EVACUATION OF THE MAINLAND OF SIBERIA AND THE UNION OF THE FAR EASTERN REPUBLIC WITH SOVIET RUSSIA—Continued

Date and number	Subject	Page
1922 Dec. 4	<i>From the Acting Chairman of the Special Trade Delegation of the Far Eastern Republic to the United States</i> Announcement of amalgamation of Far Eastern Republic with Russian Socialist Federated Soviet Republic; expression of hope for closer union between peoples of Russia and the United States.	867
Dec. 4	<i>From the Chief of the Division of Russian Affairs, Department of State</i> Conversation with Skvirsky concerning organization of Chita committee; effect of change in government on Sinclair Oil concession and Chinese Eastern Railway; status of Skvirsky in United States; continuation of U. S. consuls at Vladivostok and Chita.	868

RECOGNITION BY THE UNITED STATES OF THE GOVERNMENTS OF ESTONIA, LATVIA, AND LITHUANIA

1922 Apr. 6 (1916)	<i>From the Commissioner at Riga</i> Evidence of political stability of government of three Baltic States functioning under their constitutions through national assemblies. Opinion that continuation of U. S. policy of nonrecognition is unwise from viewpoint of U. S. interests and not helpful as regards restoration of Russia.	869
May 15 (59)	<i>To the Commissioner at Riga (tel.)</i> Inquiry whether Vilna plebiscite constitutes such solution of Polish-Lithuanian controversy as would justify recognition of Lithuania at same time with Estonia and Latvia.	872
May 16 (70)	<i>From the Commissioner at Riga (tel.)</i> Report that no plebiscite has been held in Vilna district; that district is administered openly as part of Poland; and that Lithuania is showing increasing tendency to accept <i>status quo</i> and concentrate all forces toward procurement of recognition <i>de jure</i> and Memel.	872
June 30 (271)	<i>From the Ambassador in France (tel.)</i> Decision of Conference of Ambassadors that Principal Allied Powers would recognize Lithuania <i>de jure</i> , independent of determination of status of Memel.	873
July 25 (98)	<i>To the Commissioner at Riga (tel.)</i> Instructions to advise Foreign Offices of Estonia, Latvia, and Lithuania on morning of July 28 that United States extends full recognition. Press statement on recognition (text printed). Arrangements as to U. S. diplomatic and consular representation.	873
July 28 (140)	<i>From the Consul at Riga (tel.)</i> Report that Foreign Offices at Riga, Reval, and Kovno have been notified of U. S. recognition.	874
Aug. 24 (2266)	<i>From the Chargé in France</i> Questions which Conference of Ambassadors may eventually have to decide: (1) internationalization of River Niemen, (2) disposition of territory of Memel. Request for instructions.	874

RUSSIA

RECOGNITION BY THE UNITED STATES OF THE GOVERNMENTS OF ESTONIA,
LATVIA, AND LITHUANIA—Continued

Date and number	Subject	Page
1922 Sept. 25 (437)	<p><i>To the Chargé in France</i></p> <p>Instructions to refrain from expression of views regarding territory of Memel and River Niemen, these being questions primarily of European concern; to report, however, discussions and decisions.</p>	875

TERMINATION OF THE FUNCTIONS OF THE RUSSIAN AMBASSADOR IN THE
UNITED STATES

1922 Apr. 28	<p><i>From the Russian Ambassador</i></p> <p>Intimation that it may be appropriate to terminate his official functions in near future, inasmuch as liquidation and final settlement of business of Russian Government is now practically complete and as his continuance as Ambassador under existing circumstances may give rise to misunderstanding. Arrangements for Mr. Ughet, financial attaché, to act as custodian of Russia property.</p>	875
Apr. 29	<p><i>To the Russian Ambassador</i></p> <p>Belief that change in present situation is desirable; concurrence in suggestions for bringing this about.</p>	876

LIQUIDATION OF THE OBLIGATIONS IN THE UNITED STATES OF THE RUSSIAN
PROVISIONAL GOVERNMENT

1922 May 6	<p><i>To the Vice President</i></p> <p>Bakhmeteff's statement (text printed) made in connection with debate in Senate regarding U. S. loan to Russia; his assertion that complete accounts are on file with Treasury Department regarding disbursements for liquidation of Russia's liabilities in the United States; disavowal of charges of improper use of funds or of any connection with church funds or of association with Semenov.</p>	877
May 23	<p><i>To the Secretary of the Treasury</i></p> <p>Understanding that liquidation of Russian liabilities has been brought to successful conclusion through joint efforts of State and Treasury Departments in cooperation with Bakhmeteff. Request for confirmation of above and any additional helpful information from Treasury records, in view of public discussion of subject.</p>	879
June 2	<p><i>From the Secretary of the Treasury</i></p> <p>Confirmation of understanding of Secretary of State and additional information from Treasury's records showing contracts settled by payment, cancelation, and other means, without loss to U. S. contractors, notwithstanding liabilities in excess of amount of loan. Attention called to various published reports which cover subject of U. S. loan to Russia, its disbursements, and liquidation.</p>	880

SALVADOR

NEGOTIATIONS FOR A LOAN IN THE UNITED STATES

Date and number	Subject	Page
1922 Jan. 31 (4)	<i>To the Minister in Salvador (tel.)</i> Instructions, when loan contract between Salvador, National City Bank, and National City Co. has been signed, to acknowledge Salvador's note of October 20, 1921, and state that U. S. Government is prepared to carry out stipulations, reserving liberty of action with regard to any diplomatic representations deemed advisable concerning conduct of office of Collector General of Customs.	885
Feb. 28 (7)	<i>To the Minister in Salvador (tel.)</i> Instructions to proceed with reply to Salvador, loan contract and purchase contract having been signed February 11.	885
Mar. 8 (12)	<i>From the Minister in Salvador (tel.)</i> Report of modifications made by Council of Ministers in loan contract providing that all employees except Collector General and assistant shall be Salvadorans.	886
May 5 (19)	<i>To the Minister in Salvador (tel.)</i> Refusal of National City Co. to accept counterproposal of Salvador, being contrary to stipulated terms of contract. Instructions to use good offices in securing new proposal in harmony with exchange of notes.	886
June 12	<i>From the President of the National City Co.</i> Company's refusal to accept modifications in loan contract proposed by Salvador.	887
June 26 (56)	<i>From the Minister in Salvador (tel.)</i> Signing of a loan contract June 24 in New York between Keilhauer representing Salvador and Minor C. Keith.	887
July 8 (62)	<i>From the Minister in Salvador (tel.)</i> Inquiry whether Department approves terms of loan contract as signed by Keith and Keilhauer on June 24, which is soon to be presented to Salvadoran Congress.	888
July 15 (31)	<i>To the Minister in Salvador (tel.)</i> Department's understanding as to note of assurances concerning Keilhauer-Keith contract Foreign Minister is prepared to send (text printed). U. S. reply (text printed) quoting Salvadoran note of assurances and reserving liberty of action with regard to future diplomatic representations.	888
Aug. 17 (362)	<i>From the Ambassador in Great Britain (tel.)</i> Efforts of Keith and Blair and Co. to persuade British holders of 1908 and 1915 Salvadoran bonds to agree to loan contract between Salvador and Keith. Request for authorization to state that Department approves contract.	889
Aug. 22 (262)	<i>To the Ambassador in Great Britain (tel.)</i> Authorization to inform trustee of bondholders that Department would favor adjustment of Salvador's existing debt under terms of Keith contract.	889
Dec. 8	<i>From Messrs. Lansing and Woolsey</i> Submission, for approval, of fiscal agency contract signed December 1 between Salvador and Keith and New York bankers, to supersede loan contract of June 24, being essentially same plan, as result of consent of Lisman and Co. to underwrite bonds; also a new purchasing agreement; contracts to be submitted to National Assembly and to be followed by exchange of notes between two Governments.	890

SALVADOR

NEGOTIATIONS FOR A LOAN IN THE UNITED STATES—Continued

Date and number	Subject	Page
1922 Dec. 28 (120)	<i>From the Chargé in Salvador (tel.)</i> Government's acceptance of terms of Keith and New York bankers, thereby concluding loan negotiations.	891
Dec. 30 (53)	<i>To the Chargé in Salvador (tel.)</i> Instructions to refrain from discussing loan with Government officials as Department is still considering advisability of acquiescing in new provisions of December contract and has not yet committed itself to further exchange of notes.	891
1923 Jan. 3 [27] (3)	<i>From the Chargé in Salvador (tel.)</i> Issue of Executive decree naming Metropolitan Trust Co. of New York as fiscal agent of loan in accordance with provisions of contract of June 24.	891
Jan. 9 (2)	<i>To the Chargé in Salvador (tel.)</i> Information that bankers have been advised that Department has no objections to their proceeding under loan contract of June 24.	892

SIAM

INTERPRETATION OF THE TREATY OF DECEMBER 16, 1920, AS NOT CONFERRING UPON AMERICAN CITIZENS THE RIGHT TO OWN LAND IN SIAM

1921 Oct. 28 (167)	<i>From the Chargé in Siam</i> Inquiry whether it is Department's understanding that, under provisions of treaty of December 16, 1920, between United States and Siam, U. S. citizens and corporations have right to own land in Siam. Transmission of editorial from <i>Bangkok Times</i> expressing opinion that title to all land owned by Americans lapsed to Siamese State upon coming into force of treaty. Suggestion that present may be opportune time for exchange of notes to assure right of U. S. citizens to own land in Siam under article 1 of treaty.	893
Oct. 29 (169)	<i>From the Chargé in Siam</i> Informal correspondence with Foreign Office concerning assumption of full jurisdiction by Foreign Office in cases of land-ownership difficulties.	895
Nov. 17 (181)	<i>From the Chargé in Siam</i> Inquiry as to extent to which presumption of most-favored-nation treatment, implied in treaty of 1856, has been carried on by provisions of new treaty.	897
Nov. 26 (191)	<i>From the Chargé in Siam</i> Foreign Minister's inquiry as to rights and obligations of Siamese subjects under American jurisdiction in respect of land titles and interests.	899
1922 Jan. 11 (28)	<i>To the Chargé in Siam</i> Opinion that exchange of notes is not appropriate, since treaty of 1920 does not confer upon U. S. citizens future right to own land in Siam, neither does it sanction disturbance of interests actually vested prior to treaty. Instructions, should Siam take initiative in matter, to call attention to difference in laws of different States as regards acquiring of lands by aliens, and to state that assurances would be welcomed.	900

SIAM

INTERPRETATION OF THE TREATY OF DECEMBER 16, 1920, AS NOT CONFERRING UPON AMERICAN CITIZENS THE RIGHT TO OWN LAND IN SIAM—Continued

Date and number	Subject	Page
1922 Jan. 18 (4)	<i>To the Chargé in Siam (tel.)</i> Instructions to avoid any issue on subject of land ownership in Siam, save as the due protection of U. S. interests may require. Confidential information that subject was avoided in formulating treaty because of certain pending questions created by recent alien land laws adopted in various States.	902
Feb. 27 (26)	<i>From the Minister in Siam</i> Request for explicit instructions as to right of Siamese subjects resident in the United States to assume mortgage rights over Federal lands, since Siamese view is taken that provisions of treaty are reciprocal and that U. S. position will determine corresponding status of U. S. residents in Siam in respect of land title and interests.	902
Mar. 10 (36)	<i>From the Minister in Siam</i> Outline of circumstances surrounding question of land ownership in Siam; renewal of request for instructions. Correspondence with Foreign Minister on subject (excerpts printed).	903
June 23 (53)	<i>To the Minister in Siam</i> Instructions to avoid raising questions under treaty unless and until concrete instances of injury to or discrimination against U. S. rights or interests are brought to his attention, or unless otherwise instructed. Information that article 1 of treaty was carefully drafted in order to define accurately rights United States was prepared to accord Siamese resident in United States; that it has been consistent U. S. policy not to conclude treaties relating to land ownership by aliens.	906

EXTRADITION TREATY BETWEEN THE UNITED STATES AND SIAM, DECEMBER 30, 1922

1922 Dec. 30	<i>Treaty between the United States of America and Siam</i> For the extradition of fugitives from justice.	907
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SPAIN

ACKNOWLEDGMENT AND THANKS BY PRESIDENT HARDING TO THE KING OF SPAIN FOR THE PROTECTION OF AMERICAN INTERESTS IN ENEMY COUNTRIES

1920 May 28	<i>To the Ambassador in Spain</i> Instructions to express to Government to which accredited the appreciation of United States for protection afforded U. S. interests in Germany, Austria, and Hungary by Spanish authorities, tendering thanks also to diplomatic and consular officers. (Copies sent to Commissioners at Berlin, Budapest, and Vienna.)	914
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SPAIN

ACKNOWLEDGMENT AND THANKS BY PRESIDENT HARDING TO THE KING OF SPAIN FOR THE PROTECTION OF AMERICAN INTERESTS IN ENEMY COUNTRIES—Continued

Date and number	Subject	Page
1922 Jan. 21 (18)	<i>To the Ambassador in Spain</i> Letter from President Harding to King Alfonso XIII, January 13 (text printed) expressing appreciation of services rendered by Spanish officials in protection of U. S. interests in late war, such services now made unnecessary by resumption of diplomatic relations between the United States and Germany, Austria, and Hungary.	914
June 15 (37-03)	<i>From the Spanish Ambassador</i> Letter from King Alfonso XIII to President Harding, May 16 (text printed) expressing gratification at appreciation of services rendered by Spanish officials in mission of protecting U. S. interests.	915

DENOUNCEMENT BY SPAIN OF THE RECIPROCITY AGREEMENT OF AUGUST 1, 1906, BETWEEN THE UNITED STATES AND SPAIN

1922 Nov. 5 (40-04)	<i>From the Spanish Ambassador</i> Denunciation by Spain, as of November 5, 1922, of commercial agreement of August 1, 1906, between Spain and the United States in exercise of powers conferred by article 3 of that agreement, which will, therefore, terminate November 5, 1923.	916
Nov. 14 1 (380)	<i>From the Ambassador in Spain</i> Note from Foreign Minister, November 5 (text printed) announcing, in accordance with Spanish tariff law of April 22, 1922, the denunciation, on one year's notice, of commercial agreement of August 1, 1906, and expressing desire for negotiating new agreement.	917
Nov. 16	<i>To the Spanish Ambassador</i> Acknowledgment of notice of denunciation of commercial agreement of 1906.	918

TURKEY

REFUSAL BY THE UNITED STATES TO COMMIT ITSELF TO MEASURES FOR THE PROTECTION OF MINORITIES IN TURKEY

1922 May 15 (367)	<i>From the British Ambassador</i> Reports of renewal of deportations of Christian minorities in Asia Minor; proposal that United States, France, Italy, and Great Britain depute officers to proceed to Anatolia to conduct an appropriate investigation.	919
May 18 (70)	<i>From the High Commissioner at Constantinople (tel.)</i> Recommendation that the United States decline invitation to be represented on proposed commission of investigation.	920

TURKEY

REFUSAL BY THE UNITED STATES TO COMMIT ITSELF TO MEASURES FOR THE PROTECTION OF MINORITIES IN TURKEY—Continued

Date and number	Subject	Page
1922 May 19 (382)	<i>From the British Embassy</i> Proposal that U. S. representative at Athens be instructed to join British colleague in requesting permission to dispatch officers to regions in Greek occupation, in view of danger there of retaliatory measures against Turkish outrages.	921
May 20	<i>To President Harding</i> Further inquiry as to attitude concerning U. S. participation in proposed inquiry into atrocities in Anatolia.	921
May 20	<i>From President Harding</i> Willingness to trust Secretary's judgment, if Secretary is convinced that United States may participate in commission of inquiry without regrets. Opinion that consent to participate should carry hint that it is not consistent with U. S. policy to call upon armed forces to minister to all troubled spots in world.	922
May 25	<i>To President Harding</i> Impossibility of giving assurances that there will be no occasion for regret should United States join inquiry. Observation that British proposal may be taken as being limited solely to inquiry, hence U. S. participation could be strictly limited to inquiry with understanding it constitutes no commitment to employment of armed forces. Enumeration of consequences which might attend U. S. refusal or U. S. consent.	922
May 27	<i>To President Harding</i> View that refusal to exercise restraining influence by participation in investigation may lead to expulsion of Christian missionaries and educators in Asia Minor and thus make disagreeable impression here and abroad as to U. S. position.	926
June 3	<i>To the British Ambassador</i> Willingness to designate officer to take part in proposed inquiry with understanding that proposed action is limited to inquiry and that United States assumes no further obligation and enters into no commitment. Suggestion for instituting inquiries concurrently in Greek and Turkish territory and for full report.	927
June 3 (75)	<i>From the Chargé in Greece (tel.)</i> Greek desire for U. S. participation on commission to investigate Asia Minor atrocities.	928
Undated [Rec'd June 6]	<i>From the British Embassy</i> Appreciation of U. S. decision to participate in inquiry; French and Italian cooperation; steps to be taken as soon as U. S. instructions have been sent to Constantinople and Athens.	928
June 16 (172)	<i>To the Ambassador in Great Britain (tel.)</i> Confidential information that J. G. Harbord and H. T. Allen have been selected as representatives on commissions of inquiry in Anatolia.	929

TURKEY

REFUSAL BY THE UNITED STATES TO COMMIT ITSELF TO MEASURES FOR THE PROTECTION OF MINORITIES IN TURKEY—Continued

Date and number	Subject	Page
1922 July 19 (561)	<i>From the British Charge</i> Suggestion, in deference to French opinion, that investigation be entrusted to neutral agency; willingness of International Red Cross to undertake inquiry; request for approval and for appropriate instructions to U. S. representatives at Athens and Constantinople.	929
July 20	<i>To President Harding</i> Information that because of French reluctance no action was taken to carry through investigation. Request for authorization to accept British revised suggestion that International Red Cross select commissioners for investigation in Anatolia, and to instruct U. S. representatives at Athens and Constantinople to cooperate in extending informal assistance.	930
July 21	<i>From President Harding</i> Hearty approval of revised proposal of British Government and of arrangements for U. S. representatives to cooperate with Allied colleagues in facilitating work of International Red Cross.	930
July 24	<i>To President Harding</i> Resolution adopted by General Conference of Methodist Episcopal Church, South (text printed) requesting steps be taken by Government to stop persecutions in Near East. Draft reply to Bishop Cannon transmitted for President's approval.	931
July 24	<i>From President Harding</i> Approval of proposed reply to Bishop Cannon; comment on the mildness of its tone. Impossibility of sending armed force into Asia Minor.	931
July 25	<i>To Bishop James Cannon, Jr., of the Methodist Episcopal Church, South</i> Information that Department is seeking in every practical way to ameliorate conditions in Asia Minor, but that it is not justified in attempting to pacify Near East by forcible means.	932
July 26	<i>To the British Charge</i> Willingness to accept offer of International Red Cross and to extend to commissions selected by that body cooperation of U. S. officials in Athens and Constantinople.	932
Aug. 3 (600)	<i>From the British Charge</i> Agreement of International Red Cross to undertake inquiry provided necessary expenses shall be paid in advance by governments interested, 1,000 pounds to be contributed by each government. Inquiry whether conditions are agreeable to United States.	933
Aug. 8	<i>To the British Charge</i> Willingness to advance to International Red Cross for purpose of investigation in Anatolia required sum of 1,000 pounds and otherwise to cooperate in facilitating investigation.	934

TURKEY

REFUSAL BY THE UNITED STATES TO COMMIT ITSELF TO MEASURES FOR THE PROTECTION OF MINORITIES IN TURKEY—Continued

Date and number	Subject	Page
1922 Aug. 14 (625)	<i>From the British Ambassador</i> Information that International Red Cross has agreed to dispatch to Anatolia and Thrace missions of investigation and to report to four Governments concerned, and will be glad to receive 1,000 pounds toward expenses.	934
Aug. 23	<i>To the British Ambassador</i> Advice that U. S. Legation at Berne has been authorized to advance to International Red Cross equivalent of 1,000 pounds as contribution toward expenses of commissions.	935
Sept. 14 (455)	<i>From the High Commissioner at Constantinople</i> Turkish note, August 31 (text printed) protesting against atrocities committed by Greeks during retreat in Asia Minor; and High Commissioner's reply, September 8 (text printed) urging adoption of humanitarian attitude in occupation of districts taken from Greeks and abstention from reprisals, pointing out opportunity of new regime thus to secure world confidence.	935
Sept. 22	<i>The Right Reverend Alfred Harding, Protestant Episcopal Bishop of Washington, to President Harding (tel.)</i> Information that Committee of Episcopal Church to Co-operate with Near East Relief has been instructed to create public sentiment in favor of any government effort, diplomatic, naval, or military, which may make toward establishment of peace in Near East.	938
Sept. 30 (165)	<i>To the High Commissioner at Constantinople (tel.)</i> Approval of reply of September 8 to Turkish note; and instructions to lose no opportunity to urge necessity of protection of Christian minorities and abstention from reprisals.	938
Oct. 2	<i>To the Ambassador in France (tel.)</i> Telegram received from Bishop Cannon at Paris (text printed) appealing for intervention in Near East in behalf of Christians. Department's reply (text printed) stating that every effort has been made short of armed force and calling attention to fact that there has been no action by Congress authorizing war in Near East. (Instructions to repeat to Embassies at London and Rome, High Commission at Constantinople, and Legation at Athens.)	939
Oct. 10	<i>From the Representative of the Greek Government</i> Protest against order of Kemalists for deportation of male Christian population into interior of Asia Minor; belief that committees should be constituted by International Red Cross, League of Nations, and other organizations to follow fate of deported people.	940
Oct. 20	<i>From the International Committee of the Red Cross</i> Information that permission has not yet been received from Angora to conduct mission.	941
Oct. 21	<i>To the Representative of the Greek Government</i> Advice concerning relief measures already in operation to meet emergency in Near East; and special fund raised by nation-wide appeal for further promotion of relief work under direction of American committee.	942

TURKEY

REFUSAL BY THE UNITED STATES TO COMMIT ITSELF TO MEASURES FOR THE PROTECTION OF MINORITIES IN TURKEY—Continued

Date and number	Subject	Page
1922 Oct. 24 (211)	<i>To the High Commissioner at Constantinople (tel.)</i> Instructions to report on Christian populations of Constantinople, their exodus, safety, possible Turkish guaranties; on number of Christian minorities in Anatolia and Eastern Thrace; on representations to Turkey as result of Smyrna disaster; on British threat to bombard Turks at Smyrna.	943
Oct. 27 (286)	<i>From the High Commissioner at Constantinople (tel.)</i> Report that no further representations have been made, in view of signature of armistice and the consequent removal of danger of Turkish aggression.	944
Oct. 28 (289)	<i>From the High Commissioner at Constantinople (tel.)</i> Categorical reply to Department's inquiries of October 24.	945
Nov. 1 (350)	<i>To the Ambassador in France (tel.)</i> Excerpt from address of Secretary of State delivered at Boston, October 30 (text printed) referring to Near Eastern situation, U. S. measures of relief, and results obtained; and justifying U. S. policy of nonintervention. (Instructions to repeat to Constantinople, London, and Rome.)	947
Nov. 4 (301)	<i>From the High Commissioner at Constantinople (tel.)</i> Reports received by American, French, and Italian High Commissioners indicating intention of Turkish authorities to evacuate entire Christian population of Eastern Anatolia. U. S. Commissioner's presentation of strong representations against expulsion. Suggestion to Allied High Commissioners that joint note of protest be presented to Turkish Government.	949
Nov. 7 (310)	<i>From the High Commissioner at Constantinople (tel.)</i> Uncertainty whether action of Angora Government is to be construed as permission for Greeks and Armenians to leave or order of departure; preparations of entire Greek and Armenian population to depart. Instructions to destroyers in Black Sea ports (text printed) to observe policy of detachment regarding evacuation of non-American refugees.	950
Nov. 7 (245)	<i>To the High Commissioner at Constantinople (tel.)</i> Approval of action taken. Instructions to telegraph text in case Allied High Commissioners make written representations, and advise whether order to evacuate Christians is confirmed.	951
Undated	<i>Memorandum by the Secretary of State of a Conversation with the British Ambassador, November 10</i> Ambassador's request for U. S. support of ultimatum to Turks, in view of U. S. position taken at peace conference regarding Turkish matters; admission that ultimatum would amount to threat of war; Secretary's dissent, disavowing U. S. association with European imperial aspirations; his offer to take up question with the President.	952
Undated	<i>Memorandum by the Secretary of State of a Conversation with the British Ambassador, November 13</i> Ambassador's attitude that threat of war would deter Turks; Secretary's objection to threat unless it can be carried out, pointing out impracticable nature of war with Turkey; U. S. desire rather to use diplomatic pressure to secure protection of Christians in Turkey.	955

TURKEY

REFUSAL BY THE UNITED STATES TO COMMIT ITSELF TO MEASURES FOR THE PROTECTION OF MINORITIES IN TURKEY—Continued

Date and number	Subject	Page
1922 Nov. 15 (326)	<i>From the High Commissioner at Constantinople (tel.)</i> <i>Aide-memoire</i> of November 4 and <i>note verbale</i> of November 8 presented to Hamid Bey (texts printed) regarding intention of Government to evacuate Christian population from Anatolia, quoting <i>note verbale</i> of November 6 from Allied Commissioners appealing for cancellation or postponement so that question may be discussed at peace conference. Hamid Bey's reply denying order of expulsion, permission to leave having been misconstrued as command.	958
Nov. 19 (338)	<i>From the High Commissioner at Constantinople (tel.)</i> Certainty that Nationalist Government wishes to get rid of entire Greek and Armenian population of Anatolia and Constantinople and would like to have this a <i>fait accompli</i> or well under way before Lausanne Conference. Report on refugee situation.	961
Nov. 21 (391)	<i>To the Ambassador in France (tel.)</i> Telegram, dated November 18, from U. S. consul at Aleppo (text printed) stating Turks are obliging all Christians to abandon property and leave Turkey or become Moslem; his request for intervention. Instructions to inquire whether France has received like report from Syria, and to repeat his reply to American Mission at Lausanne.	962
Nov. 22 (481)	<i>From the Ambassador in France (tel.)</i> Information that similar reports are being received from Syria. France's intention to use diplomacy, looking to Lausanne Conference to alleviate situation.	962
Nov. 22	<i>From the British Ambassador</i> Estimate that quarter of million people are to be evacuated from Black Sea ports; request that U. S. representative at Constantinople be instructed to press for extension of time limit for departure.	963
Nov. 26 (360)	<i>From the Acting High Commissioner at Constantinople (tel.)</i> Greek High Commissioner's request for U. S. intervention with Nationalist Government to secure extension of time, freedom of port for Greek ships, and protection by U. S. destroyers. Partial compliance with request, in belief that U. S. help should not be withheld. Request for instructions.	964
Nov. 29 (275)	<i>To the Acting High Commissioner at Constantinople (tel.)</i> Instructions to use good offices to facilitate granting of permission for Christians to depart without time limit, and to secure Turkish protection of those desiring to remain. Further instructions regarding use of destroyers insofar as consistent with instructions of Navy Department.	965
Dec. 13	<i>To the British Ambassador</i> Information regarding instructions to Special Mission at Lausanne Conference to secure from Turkish delegates assurances concerning Christian minorities; and instructions to High Commissioner at Constantinople to use good offices in facilitating departure of Christians and obtaining adequate protection for those remaining in Turkey. Suggestion that comprehensive plan of relief be adopted.	965

TURKEY

NEGOTIATIONS BY THE OTTOMAN-AMERICAN DEVELOPMENT COMPANY (CHESTER PROJECT) AND OTHER AMERICAN INTERESTS FOR CONCESSIONS IN TURKEY

Date and number	Subject	Page
1922 Feb. 8	<i>From Rear Admiral C. M. Chester</i> Request for interview regarding claim of Ottoman-American Exploration Co. in view of new developments and British activity. Intention of Arthur Chester to negotiate with Angora Government, at its request, for consummation of Chester project.	966
Feb. 18	<i>To Rear Admiral C. M. Chester</i> Advice that Secretary is absent and that further interview seems hardly necessary; suggestion that any new aspects of matter may be taken up with Near Eastern Division or Foreign Trade Adviser's Office.	967
Mar. 15 (134)	<i>From the High Commissioner at Constantinople</i> Letter, dated March 8, from R. H. McDowell of Foundation Co., N. Y. (text printed) regarding proposed contract for railway concession through Asia Minor, including mineral rights in contiguous area. Memoranda (texts printed) of negotiations between McDowell and Turkish Minister of Public Works regarding contract for concession.	967
Mar. 29	<i>Memorandum by the Economic Adviser of the Department of State</i> Interview with K. E. Clayton-Kennedy, Canadian, who wishes to complete Chester project for railway and oil concession pending in Turkey since 1909; his request for Department's record of claim. Refusal of request and suggestions.	971
May 2	<i>To George W. Goethals & Co.</i> Statement, in reply to request, that there is no complete history in Department of Chester project; request, in view of voluminous correspondence on subject and private character of negotiations, to be advised of exact nature of data desired.	973
July 6 (201)	<i>To the High Commissioner at Constantinople</i> Information obtained from various U. S. promoters seeking concessions in Turkey. Approval of rendering proper assistance to U. S. interests, although full diplomatic support cannot be accorded concessions granted by unrecognized authorities. Foreign activities and claims in Turkey. Instructions.	973
Oct. 2 (1602)	<i>The Office of Naval Intelligence, Navy Department, to the Naval Station at Constantinople (tel.)</i> From Admiral Chester: Announcement that Kennedy has no authority to act on Chester project and is repudiated by all stockholders; that Ottoman Co. is represented in Turkey by Arthur Chester.	976
Oct. 5 (242)	<i>From the High Commissioner at Constantinople (tel.)</i> Kennedy to Goethals: Conclusion of agreement with Government on greatly improved terms and to date back to 1909, requiring guaranty deposit; request that sum be placed with Guaranty Trust of N. Y. at once.	976
Oct. 7 (247)	<i>From the High Commissioner at Constantinople (tel.)</i> Urgent request that question of Kennedy's status in relation to Ottoman-American Development Co. be cleared up; information that Kennedy has power of attorney giving him full authority to act for company.	977

TURKEY

NEGOTIATIONS BY THE OTTOMAN-AMERICAN DEVELOPMENT COMPANY AND
OTHER AMERICAN INTERESTS FOR CONCESSIONS IN TURKEY—Continued

Date and number	Subject	Page
1922 Oct. 20 (207)	<i>To the High Commissioner at Constantinople (tel.)</i> Telegram, dated October 14, from Goethals (text printed) refusing to repudiate Kennedy, and confirming his authority to act. His indication that deposit which Kennedy requires will be made. No instructions in view of disagreement between Goethals and Arthur Chester on one hand and Admiral Chester on other.	977
Oct. 26	<i>From Major General George W. Goethals</i> Facts relating to organization of Ottoman-American Development Co., submitted in response to Department's inquiry whether it is American corporation, officered and controlled by American interests.	978
Dec. 5 (370)	<i>From the Acting High Commissioner at Constantinople (tel.)</i> Road building and mining rights which are contemplated in Chester concession; progress of negotiations. Inquiry concerning Admiral Chester's competency to speak for company, and regarding rumor that Kennedy is, or has been, in British secret service.	979
Dec. 7 (282)	<i>To the Acting High Commissioner at Constantinople (tel.)</i> Message from Goethals (text printed) stating that Kennedy and Chester are accredited agents of the Ottoman-American Development Co., a company officered and controlled by Americans and owning all rights to the Chester project. Information concerning provisions of voting trust agreement signed by Goethals, Barnard, and Rousseau. Authorization to give proper support.	980
Dec. 7	<i>From the Vice Consul in Charge at Angora</i> Vice Consul's refusal to support Kennedy on ground he is not U. S. citizen; arrest and deportation of Kennedy by Turkish authorities who believe him to be backed by British interests. Request for information as to status of Ottoman-American Development Co., since Kennedy incident has created unpleasant impression.	981
Dec. 9 (285)	<i>To the Acting High Commissioner at Constantinople (tel.)</i> Goethals to Kennedy: Information that interests at this end are working harmoniously; inquiry whether any assistance can be rendered; expression of hope that Kennedy and Chester will cooperate closely.	983

URUGUAY

URUGUAYAN PROPOSAL THAT THE FORMATION OF A LEAGUE OF AMERICAN
NATIONS BE DISCUSSED AT THE FIFTH PAN AMERICAN CONFERENCE

1922 Aug. 2 (54)	<i>To the Chargé in Peru (tel.)</i> Interviews with Uruguayan Minister and Peruvian Ambassador in which Secretary stated he had no objection to inclusion of topic proposed by Uruguay in the agenda for the Pan American Conference; his opinion that a loose association without commitments would be better than a hard and fast organization, which might compromise independence. (Instructions to repeat to Quito and La Paz for information. Sent also to other Latin-American countries and to France to be repeated to all missions in Europe.)	984
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URUGUAY

URUGUAYAN PROPOSAL THAT THE FORMATION OF A LEAGUE OF AMERICAN NATIONS BE DISCUSSED AT THE FIFTH PAN AMERICAN CONFERENCE—Continued

Date and number	Subject	Page
1922 Sept. 2 (31)	<i>From the Chargé in Uruguay (tel.)</i> Refutation by Uruguay of rumor that Uruguay considered submitting question of Pan American League to League of Nations. Suggestion that Uruguay be informed in general terms of U. S. attitude on question of Pan American League.	985
Sept. 6 (16)	<i>To the Chargé in Uruguay (tel.)</i> Instructions to communicate orally to Foreign Minister exact attitude of Department as expressed in circular telegram of August 5, if deemed expedient.	986

VENEZUELA

TREATY OF EXTRADITION AND ADDITIONAL ARTICLE BETWEEN THE UNITED STATES AND VENEZUELA, SIGNED JANUARY 19 AND 21, 1922

1916 Apr. 18 (183)	<i>To the Minister in Venezuela</i> Inquiry whether laws of Venezuela prohibit capital punishment and if so whether Government would be disposed to insist upon inclusion in extradition treaty of a provision that cognizance be taken of her law.	987
July 8 (714)	<i>From the Minister in Venezuela</i> Information that article 22 of Venezuelan Constitution prohibits capital punishment. Foreign Minister's assurance that Government would have no objection to signing extradition treaty provided it excluded penalty of death in its provisions; suggested language for such provision in treaty. Minister's hope that Department may favor conclusion of commercial and general treaty, which might include subject of extradition.	987
Aug. 14 (209)	<i>To the Minister in Venezuela</i> Opinion extradition treaty should be treated separately and apart from question of commercial treaty. Instructions to state that, in view of sovereignty of several States, Federal assurances cannot be given regarding question of penalties; and to present counterproposal (text printed) that contracting parties reserve right to decline extradition for crimes punishable by death except upon State's assurance that death penalty will not be inflicted.	989
1920 May [5] (39)	<i>From the Minister in Venezuela (tel.)</i> Foreign Minister's willingness to sign treaty of extradition incorporating as article 19 the Department's counterproposal; otherwise draft treaty to be identical with Venezuelan treaty with Bolivia.	990
May 18 (550)	<i>To the Minister in Venezuela</i> Objections to making treaty between Venezuela and Bolivia a model for proposed extradition treaty with United States; suggestion of formulation of treaty on terms similar to U. S. treaty with Honduras or Paraguay.	990

VENEZUELA

TREATY OF EXTRADITION AND ADDITIONAL ARTICLE BETWEEN THE UNITED STATES AND VENEZUELA—Continued

Date and number	Subject	Page
1921 June 18 (17)	<i>From the Minister in Venezuela (tel.)</i> Request for full powers to sign treaty, Foreign Minister having accepted as basis of negotiation with slight modification treaty between the United States and Honduras with inclusion of article as suggested in Department's telegram of August 14, 1916.	993
Sept. 24 (21)	<i>From the Minister in Venezuela (tel.)</i> Acceptance of draft treaty with added stipulation concerning imprisonment for life, which is also prohibited by Constitution. Request for reply by telegraph.	993
1922 Jan. 23 (2634)	<i>From the Chargé in Venezuela</i> Signature and forwarding of extradition treaty and additional clause providing for arbitration in case of differences as to interpretation.	993
Jan. 19 and 21	<i>Treaty and Additional Article between the United States of America and Venezuela</i> For the extradition of the accused as well as those who have been sentenced.	995

YUGOSLAVIA

ACQUIESCENCE BY THE DEPARTMENT OF STATE IN A LOAN BY AMERICAN BANKERS TO THE KINGDOM OF THE SERBS, CROATS AND SLOVENES

1922 Apr. 21 (7)	<i>From the Minister in the Kingdom of the Serbs, Croats and Slovenes (tel.)</i> Practical conclusion of loan of 100 million dollars by Blair and Co. of New York to Yugoslav Government, 30 million dollars of which is to be used for redemption of dinar paper currency, remainder for railway construction.	1002
May 1 (11)	<i>To the Chargé in the Kingdom of the Serbs, Croats and Slovenes (tel.)</i> Inquiry whether any part of 30 million dollars will be used to pay Yugoslavia's debt to foreign governments or their nationals, also what plan is contemplated for redemption of dinar currency.	1002
May 4 (12)	<i>From the Chargé in the Kingdom of the Serbs, Croats and Slovenes (tel.)</i> Opinion of Acting Minister of Finance that interest in arrears on U. S. loans, as well as amounts due U. S. citizens, would be paid from 30 million-dollar advance; and that plan is to buy dinars on exchange and turn them over to National Bank to be annulled or loaned against collateral when currency is needed.	1003
May 12 (15)	<i>From the Chargé in the Kingdom of the Serbs, Croats and Slovenes (tel.)</i> Prime Minister's inquiry whether permission of U. S. Government had been given to Blair and Co. or Foundation Co. to conclude loan, he having been informed that this was necessary.	1003

YUGOSLAVIA

ACQUIESCENCE BY THE DEPARTMENT OF STATE IN A LOAN BY AMERICAN BANKERS
TO THE KINGDOM OF THE SERBS, CROATS AND SLOVENES—Continued

Date and number	Subject	Page
1922 May 13 (12)	<i>To the Chargé in the Kingdom of the Serbs, Croats and Slovenes (tel.)</i> Request for definite report regarding amount and purposes of loan proposed, in view of conflicting statements. Instructions to inquire intentions of Government in regard to settlement or refunding of its debt to the United States, which must be considered in connection with application for new loan.	1004
May 13 (13)	<i>To the Chargé in the Kingdom of the Serbs, Croats and Slovenes (tel.)</i> Intimation that Department is awaiting information from Chargé before replying to inquiries from several banking firms whether there is any objection to Yugoslav loan. Instructions to make clear to Prime Minister the Department's attitude of strict impartiality with respect to competing U. S. firms.	1005
May 15 (14)	<i>To the Chargé in the Kingdom of the Serbs, Croats and Slovenes (tel.)</i> Reply to banking firms that, in absence of understanding between World War Foreign Debt Commission and Yugoslavia with regard to refunding of its debt to the United States, proposed loan is not viewed with favor.	1005
May 16	<i>Memorandum by the Foreign Trade Adviser, Department of State</i> Department's refusal to view favorably the request of Blair and Co. to be permitted to make contract with Yugoslavia, subject to reaching of understanding between two Governments in matter of debt.	1005
May 16 (16)	<i>From the Chargé in the Kingdom of the Serbs, Croats and Slovenes (tel.)</i> Information concerning offers of various firms, the amount of the loan and its purposes. Assurances that cash loan installment of 25 million dollars will be used for railroad construction, for payment of debt to Standard Oil and interest due on Yugoslavia's indebtedness to United States, for redemption of dinar currency and construction of Government buildings.	1006
May 23 (20)	<i>From the Chargé in the Kingdom of the Serbs, Croats and Slovenes (tel.)</i> Yugoslavia's instructions to its Minister at Washington to make proposals to World War Foreign Debt Commission for refunding and settlement of Yugoslav indebtedness to the United States. Finance Minister's assurance that proceeds of loan will not be used to repay governments other than the United States and that no loan agreement will be signed before permission is received from Department.	1008
May 24 (18)	<i>To the Minister in the Kingdom of the Serbs, Croats and Slovenes (tel.)</i> Enumeration of formal official assurances given by Yugoslavia, as understood by Department, which, if correct, will result in favorable attitude of U. S. Government toward loan. Instructions to cable confirmation.	1008

YUGOSLAVIA

ACQUIESCENCE BY THE DEPARTMENT OF STATE IN A LOAN BY AMERICAN BANKERS
TO THE KINGDOM OF THE SERBS, CROATS AND SLOVENES—Continued

Date and number	Subject	Page
1922 May 27 (25)	<i>From the Minister in the Kingdom of the Serbs, Croats and Slovenes (tel.)</i> Finance Minister's explanation that offer to pay interest on indebtedness to the United States out of loan proceeds was result of misunderstanding and that it is not possible.	1009
May 28 (26)	<i>From the Minister in the Kingdom of the Serbs, Croats and Slovenes (tel.)</i> Memorandum by Minister of Finance (text printed) confirming all assurances except that in regard to interest on indebtedness to United States.	1009
June 1 (20)	<i>To the Minister in the Kingdom of the Serbs, Croats and Slovenes (tel.)</i> Explanation that payment of interest on indebtedness to the United States was not made a condition for loan, question of debt being left without prejudice for World War Foreign Debt Commission. Objections to proposed application of loan; instructions to ascertain to what ends other than railway construction and Standard Oil payments proceeds are to be devoted.	1010
June 4 (22)	<i>To the Minister in the Kingdom of the Serbs, Croats and Slovenes (tel.)</i> Statement by Blair and Co. that Yugoslav Government has accepted their bid. Department's reluctance to believe that loan agreement has been signed in view of Yugoslav assurances that such would not be the case until after Department's views had been expressed.	1012
June 5 (27)	<i>From the Minister in the Kingdom of the Serbs, Croats and Slovenes (tel.)</i> Letters from Minister of Finance (texts printed) itemizing objects of loan and giving assurances that purpose is to assist economic revival, increase production, and remove effects of war destruction, and that indebtedness to U. S. Government is left without prejudice for World War Foreign Debt Commission.	1013
June 6 (28)	<i>From the Minister in the Kingdom of the Serbs, Croats and Slovenes (tel.)</i> Additional statement by Minister of Finance (text printed) regarding object of loan, calling attention to necessity for Government buildings.	1014
June 8 (23)	<i>To the Minister in the Kingdom of the Serbs, Croats and Slovenes (tel.)</i> Request for definite written statement as to proposed expenditures. Instructions to express regret that loan contract has been signed in advance of statement that Department offers no objections.	1015
June 11 (29)	<i>From the Minister in the Kingdom of the Serbs, Croats and Slovenes (tel.)</i> Letters from Minister of Finance (texts printed) giving approximate figures for proposed expenditures from proceeds of loan.	1016

YUGOSLAVIA

ACQUIESCENCE BY THE DEPARTMENT OF STATE IN A LOAN BY AMERICAN BANKERS
TO THE KINGDOM OF THE SERBS, CROATS AND SLOVENES—Continued

Date and number	Subject	Page
1922 June 13 (25)	<i>To the Minister in the Kingdom of the Serbs, Croats and Slovenes (tel.)</i> No objection to proposed loan of 25 million dollars on terms stated in Minister's telegram of June 11; any additional sums to require separate consideration.	1017
June 15	<i>To Messrs. Blair & Co.</i> Advice that Department has no objection to loan of 25 million dollars, in view of Yugoslav assurances as to its object. Understanding as to arrangements for control of railway, taxes, etc., and specific statement that Department assumes no responsibility in matter.	1018
July 13 (319)	<i>From the Yugoslav Minister</i> Request for U. S. approval of amendment to appropriations, substituting repair and construction of highways, hospitals, and school buildings instead of applying sum to exchange stabilization, Government buildings, and repaying debt advances made by National Bank.	1018
July 14	<i>To the Yugoslav Minister</i> No objections to change in proposed application of certain portion of loan proceeds.	1019

DENMARK

REFUSAL BY THE UNITED STATES TO RECOGNIZE IN A THIRD GOVERNMENT THE RIGHT OF PREEMPTION OF DANISH INTERESTS IN GREENLAND

859b.01/- : Telegram

The Ambassador in Great Britain (Davis) to the Secretary of State

LONDON, May 20, 1920—5 p. m.

[Received May 20—1:27 p. m.]

826. Have received note from Foreign Office stating that Danish Minister has requested British Government to recognize Danish sovereignty over Greenland. Lord Curzon has informed Danish Minister

"That the geographical position of Greenland makes the question of ownership a matter of great importance to the British Empire as a whole and to Canada in particular, and that His Majesty's Government therefore feel obliged to attach to their recognition of Danish sovereignty over it the condition that in the event of Denmark wishing to dispose of the territory she will grant the British Empire the right of preemption. Subject to this condition His Majesty's Government are prepared at once to recognize officially the sovereignty of Denmark over Greenland."¹

DAVIS

859b.01/- : Telegram

The Secretary of State to the Ambassador in Great Britain (Davis)

WASHINGTON, June 5, 1920—7 p. m.

590. Your 826, May 20, 5 p. m.

You may inform the Foreign Office that at the time the Treaty cession of Danish West Indies was signed, August 4, 1916, Govern-

¹ The British Government modified its position regarding recognition of Danish sovereignty over Greenland in the following note to the Danish Minister in Great Britain, September 6, 1920 (*Legal Status of Eastern Greenland*, P. C. I. J., Series C, No. 62, 26th sess., 1933, p. 48):

"Sir: With reference to your note No. 202/30/B.2. concerning the official recognition by His Majesty's Government of His Danish Majesty's sovereignty over Greenland which you were good enough to address to me on July 20th, I have the honour to inform you that His Majesty's Government recognize His Danish Majesty's sovereignty over Greenland, but in view of its geographical proximity to the Dominion of Canada, His Majesty's Government must reserve their right to be consulted, should the Danish Government at any time contemplate the alienation of this territory."

The complete text of the note of May 19, 1920, from the British Secretary of State for Foreign Affairs to the Danish Minister in Great Britain, which is summarized in the above telegram, is printed *ibid.*, p. 46.

ment of United States declared that it would "not object to Danish Government extending their political and economic interests to the whole of Greenland".²

This Government, however, is not disposed to recognize the existence in a third government of a right of preemption to acquire this territory if the Danish Government should desire to dispose of it; and accordingly reserves for future consideration what position it may take in the event of a specific proposal for such a transfer.

Repeat to Copenhagen.

COLBY

859b.01/4

The Chargé in Denmark (Schoenfeld) to the Secretary of State

No. 491

COPENHAGEN, June 8, 1920.

[Received June 30.]

SIR: Referring to the Department's telegram No. 590 June 5, 7 p. m. to the American Embassy in London concerning the attitude of the United States Government towards the right of preemption of a third party should the Danish Government desire to dispose of its territory in Greenland, I have the honor to inform you that I have to-day forwarded a memorandum in the sense of the Department's telegram above mentioned to the Danish Foreign Office. A copy of this memorandum³ is enclosed herewith for the information of the Department.

I have [etc.]

H. F. ARTHUR SCHOENFELD

859b.01/7

The Secretary of State to the Danish Minister (Brun)

WASHINGTON, August 3, 1921.

SIR: I have the honor to acknowledge the receipt of your note No. 230, dated July 9, 1921,³ in which you inform me that under date of May 10, 1921, the Danish Ministry of the Interior, in pursuance of the Royal Ordinance of March 18, 1776, issued an order to the effect that Danish Trade Missions and Sealing (Whaling) Stations have been established on the east and west coasts of Greenland, so that the entire country has now been laid under the Danish administration of Greenland.

In its treaty with the Danish Government signed August 4, 1916, for the cession of the Danish West Indies, this Government stated to

² *Foreign Relations*, 1917, pp. 694, 700.

³ Not printed.

the Danish Government that it would "not object to the Danish Government extending their political and economic interests to the whole of Greenland". In this connection, however, I desire to state that owing to the importance of its geographical position, this Government would not be disposed to recognize the existence in a third government of the right of preemption to acquire the interests of the Danish Government in this territory should the latter desire to transfer them.

Accept [etc.]

CHARLES E. HUGHES

859b.01/9

The Danish Minister (Brun) to the Secretary of State

No. 330

WASHINGTON, September 29, 1921.

SIR: With further reference to your note to me of August 3d 1921 regarding Greenland, I beg to inform you as follows:

The text of your said note was, as I had the honor to advise you by my letter of August 8th,⁴ submitted to the Danish Government by me and in reply the Danish Minister of Foreign Affairs now instructs me to inform you that the Danish Government has no desire to transfer its interests in Greenland and has not given to any Government any right of preemption in Greenland or any part thereof.

I have [etc.]

C. BRUN

859b 01/23

Memorandum by the Third Assistant Secretary of State (Bliss)

[WASHINGTON,] April 27, 1922.

The Norwegian Minister called this morning in further reference to the matter which he had submitted in his letter to me of February 10th,⁴ requesting to be informed of the meaning of the phrase "extending their political and economic interests," used in the declaration signed by the Secretary of State on August 4, 1916, relative to the extension of Danish authority in Greenland.

I told the Minister that I had not answered the letter in writing which he had kindly addressed to me, as I had already explained a short time before to the Counselor of the Legation, Mr. Steen, as I did not wish to seem disobliging in not furnishing the information he desired; that it did not seem possible to interpret to him the meaning of the phrase in question as it was unusual for a Government to explain to another government the phraseology of a treaty entered

⁴ Not printed.

into with a third government. I therefore said to the Minister that I hoped he would appreciate the difficulty which his request presented. I explained fully that to interpret to him on his demand the meaning which the Government of the United States attributed to the terms of a treaty and a declaration made between it and the Danish Government would be inconsistent not only with custom but with the natural considerations of diplomatic usage. I pointed out that if a request came from the Danish Government for the interpretation of the phraseology of this treaty, the Department would then consider the answer to be made to that Government, but it could not do so to a third Government which was not a party to the arrangement.

In regard to the other request of the Minister, as to whether the phrase above quoted occurs in any other treaties of a like nature to which the United States is a signatory, I told him that so far as I had been able to ascertain this particular phrase had not been employed.

The Minister said that he quite understood the position which I took and that he appreciated the reasons why I had not been able to answer his question regarding the interpretation placed upon the phrase used in the communication of Mr. Lansing of August 4, 1916, above referred to. He further expressed his thanks for the trouble I had taken in the matter and for the information relative to the previous use of the same phrase in treaty relations of the United States.

R[OBERT] W[OODS] B[LISS]

DOMINICAN REPUBLIC

ADOPTION OF A PLAN FOR THE WITHDRAWAL OF THE MILITARY GOVERNMENT¹

839 00/2453 : Telegram

The Chargé in the Dominican Republic (Herod) to the Secretary of State

SANTO DOMINGO, January 3, 1922—2 p.m.

[Received January 4—11:12 a.m.]

1. The Military Governor² sailed today for Washington with Commander Rose, Minister of Commerce. Last week the Admiral conferred with Jacinto de Castro, Federico Velasquez, Francisco Peynado, and Enrique Jimenez to (obtain?) agreement on plans of withdrawal and of warrant for Guardia [Nacional]. This conference proved fruitless.

HEROD

839.00/2461

The Secretary of the Navy (Denby) to the Secretary of State

WASHINGTON, 30 January, 1922.

SIR: Referring to our Conference of this date, I recommend that the Military Governor and the American Minister be instructed to return to Santo Domingo, and to call together, upon their return, for conference, Representatives of all political factions in the Republic and other representative Dominicans; that the American representatives be instructed to advise the Dominican leaders that this Government is unwilling to permit present conditions to continue any longer, and to inform them that, unless they now request the issue of a call for election, and agree to participate in the elections, the Proclamation of June 14, 1921,³ will be withdrawn and the Military Government will then continue until such time as the urgent public works have been completed and an adequate Dominican Constabulary is functioning.

¹ For previous correspondence concerning the withdrawal of the American forces, see *Foreign Relations*, 1921, vol. I, pp. 834 ff.

² Rear Admiral S. S. Robison.

³ *Foreign Relations*, 1921, vol. I, p. 835.

The Representatives of the United States should further be instructed to discuss with the political leaders, with the utmost frankness, the financial situation along the lines of the letter on Dominican finances submitted by the Military Governor of Santo Domingo, a copy of which I enclose herewith. It should be made clear to the political leaders that permanent financing is essential for the Dominican Government, and that if such financing is not undertaken immediately by the Military Government, advantage cannot be taken of the terms specified for the redemption of the 1918 and 1921 loans,⁴ with consequent loss to the Dominican Treasury; that if such permanent financing is delayed until elections take place and a National Government has been installed, the Dominican Government, immediately upon assumption of office, will be forced to negotiate the flotation of such permanent loan since it will thereupon encounter a deficit in the National Treasury; and that, therefore, in order that advantage may be taken of the terms provided for the redemption of the 1918 and 1921 loans, in order that Dominican finances may be stabilized, in order that the program of public improvements inaugurated by the Military Government may be continued, and in order that a Dominican Government may enter upon its duties with a balance in the Treasury, the Government of the United States has authorized the Military Government to negotiate, immediately, the flotation of a permanent loan of \$10,000,000,⁵ the allocation of which will be in accord with the memorandum of the Military Governor, herewith attached.

The flotation by the Military Government of this permanent loan will necessarily entail the extension of the life of the Receivership General, the establishment of which was provided in the Convention of 1907.⁶ Such an extension of our control over Dominican finances will be necessary whether the permanent loan is floated by the Military Government or by a subsequent Dominican Government, since no loan, I am convinced, can be obtained without an extension of the duties of the Receiver General in this manner.

Should the conference result in a request by the leaders for a call to elections, a proclamation for elections should be issued by the Military Governor in the same form as his preceding proclamation for that purpose. Should the conference not result in a request for elections, the Military Governor should be instructed to issue a proclamation substantially in the form enclosed herewith.⁷

⁴For correspondence concerning these loans, see *Foreign Relations*, 1918, pp. 371 ff. and 1921, vol. I, pp. 854 ff.

⁵For correspondence concerning the financing of this loan, see pp. 78 ff.

⁶*Foreign Relations*, 1907, pt. 1, pp. 307 ff.

⁷Not found in Department files. For text as proclaimed on Mar. 6, see p. 18.

Although the Military Governor, in his letter herewith, has recommended a loan of \$10,000,000.00, which should give a fair working balance in the Treasury after the completion of the East and West roads and other expenditures contemplated from the loan, it is possible that authorization of a larger loan, from which additional funds could be obtained if required by the Dominican Government, might be good policy and is submitted for your consideration.

Respectfully,

EDWIN DENBY

[Enclosure]

*The Military Governor of the Dominican Republic (Robison) to the
Secretary of the Navy (Denby)*

[SANTO DOMINGO.] 21 January, 1922.

1. The Military Governor submits the following with reference to Dominican finances, and urgently requests the Department's favorable consideration of the proposed method of stabilizing them, both in the interest of the Dominican people, and in the following of an enlightened and vigorous policy by the Government of the United States.

2. The best Dominican sentiment is not in favor of a very early withdrawal. It is in favor of permanent financing as the first essential. I am reliably informed that the Senate Committee, which recently visited the Island, is in favor of a financial program, substantially as set forth herein, and I am in receipt of a request from the Chamber of Commerce of Santo Domingo that a loan of sixteen millions be obtained.

3. The plan proposed for stabilizing Dominican finances must be in effect (money available) before May 1, 1922, in order that advantage can be taken of the terms specified for the redemption of the 1918 and 1921 loans. Unless these loans are redeemed, the Dominican Government has no security to offer for a new loan, work on new public roads will stop, the Policia Nacional Dominicana cannot be recruited, and withdrawal of marines will be impracticable. The finances will be in such a state that, combined with the fact that marines cannot be entirely withdrawn, it is certain that no party will respond to an election call under the Proclamation of June 14, 1921. Whereas, with a good working balance in the Treasury, the strong sentiment against retention of marines or a military mission, might possibly be overcome.

4. Therefore permanent financing is necessary whether an early or delayed withdrawal is now contemplated.

5. Loans.

Year	Original Amount	Now Outstanding	Yearly charges, Interest and Amortization	Date complete Amortization
1908-----	\$20, 000, 000	\$7, 534, 000	\$1, 200, 000	1927-1929
1918-----	4, 161, 000	1, 627, 000	289, 000	
1921-----	2, 500, 000	2, 242, 000	814, 000	July 1, 1925
		\$11, 403, 000	\$2, 303, 000	

6. Other obligations.

Internal Indebtedness	{ Budget deficit, 1921, \$550,000 Unpaid taxes, 1921, 500,000 (Due Ayuntamientos)	\$1, 050, 000
Tobacco acceptances due May 1, 1922		950, 000

7. Revenues, 1922.

Estimated internal	\$2, 500, 000
Estimated customs, gross \$3,000,000 (Less service of loans and expenses coll) Net	500, 000
Total	\$3, 000, 000

8. Budget, 1922—Including Public Schools \$3, 000, 000

9. Required 1922 to continue work Public Roads . . \$1, 200, 000

Recruit Policia Nacional Dominicana to strength necessary to enable Marines to be withdrawn .	250, 000
Foster Agriculture	50, 000

Total	\$1, 500, 000
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10. To stabilize Dominican finances, wipe out deficit, continue work on roads, and procure funds to recruit Policia Nacional Dominicana, Military Governor proposes to negotiate a \$10,000,000 twenty year loan, noncallable for eight years and with no provision for amortization for the same length of time (or until expiration of 1908 loan) and to extend the duties of the General Receivership to the service of the loan.—\$7,500,000 loan to be floated immediately and the remainder as required.

11. The \$7,500,000 to be expended as follows:

1922 { Wipe out internal indebtedness	\$1, 050, 000
{ Redeem 1918 and 1921 bonds	4, 000, 000
{ Public Works	
{ Guardia Nacional }	1, 500, 000
{ Agriculture	
{ Meet Tobacco acceptances	950, 000
Total	\$7, 500, 000

12. Subsequent expenditures from receipts, tobacco sales \$800, 000

1923	{	Requirements for Public Works	\$1, 500, 000	from loan .	700, 000
		Guardia Nacional			
		Agriculture			
					<hr/>
					\$1, 500, 000

To	{	Requirements for Public Works	from loan . .	750, 000
June		Guardia Nacional		
30,		Agriculture		
1924				

13. Available from loan June 30, 1924—\$1,050,000 less discount—(Rate at which loan is taken)—at which time the United States can complete[ly] withdraw from Santo Domingo except Receivership of Customs, leaving a well trained and equipped Policia Nacional Dominicana to maintain order.

14. Yearly charges for service of 1908 loan and new loan, assuming 7% interest on new loan (which appears to be now obtainable) will be:

1922	{	1908 Loan, Int. and amortization 1 yr . . .	\$1, 200, 000
		1918 Loan, Int. 6 mos.	45, 000
		1921 Loan, Int. 6 mos.	88, 000
		New Loan, Int. 10 mos.	437, 500
			<hr/>

Total	\$1, 770, 500
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1923	{	1908 Loan, Int. and amortization	\$1, 200, 000
		New Loan, Interest	574, 000
			<hr/>

Total	\$1, 774, 000
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1924	{	1908 Loan, Interest and amortization . . .	1, 200, 000
		New Loan, interest	667, 750
			<hr/>

Total	\$1, 867, 750
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1925	{	Each {	1908 Loan	1, 200, 000
1926				
1927				
1928				
1929				
				<hr/>
				\$1, 900, 000

1930 New Loan . . .	{	Amortization	\$833, 333
		Interest	700, 000
			<hr/>

Total	\$1, 533, 333
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Subsequent years, constant amortization as above, with interest charges reduced \$58,000 each year.

15. The amortization of the New Loan is based on redeeming bonds at par and starting in 1930. The New Loan would be paid

off in 1942. Suitable provision should be made to amortize more rapidly if increase in revenues warrant such action. The 1908 loan carries such a provision with the result that the loan instead of expiring in 1958 as contemplated will expire not later than 1929.

16. The reduction of yearly charges on loans and any increases in revenues before 1924 should be applied principally to reopening public schools, now closed for lack of funds. (School budget which is included in General Budget reduced from approximately \$1,000,000 in 1920 to approximately \$600,000 for 1922).

17. Unless there is a very material increase in the prices of Dominican products, 1921 taxes (par. 3) collected in 1922 will probably be balanced by unpaid taxes in 1922.

S. S. ROBISON

839.00/2462

The Secretary of State to the Minister in the Dominican Republic (Russell), temporarily in the United States

WASHINGTON, February 10, 1922.

SIR: By direction of the President, you are instructed to return to your post at the earliest opportunity,* and, in close cooperation with the Military Governor of Santo Domingo, who, it is understood, will return at the same time, to be governed by the following instructions:

As you are aware, upon June 14, last, the Military Governor of Santo Domingo issued, by instruction of this Government, a proclamation to the Dominican people, announcing the intention of the United States to effect an early withdrawal of its military forces from the Dominican Republic if this Government could be assured that the independence and territorial integrity of the Dominican Republic, the maintenance of public order, and the security of life and property, would be adequately safeguarded in the event of such withdrawal and if it were possible to turn over the administration of the Dominican Republic to a responsible Dominican Government, duly established in accordance with the Constitution and laws of Santo Domingo. The Military Governor further announced in that Proclamation the nature of the guarantees required by the United States and the steps to be taken to bring about the proposed evacuation. Unfortunately, the Dominican people have been unwilling to cooperate with the Representatives of this Government in accordance with the provisions of the Proclamation of June 14, and it has been impossible for this Government to make any advance in its program of withdrawal. The inability of the Government of the United States to take any action because of this attitude of the Dominican people is

* Mr. Russell arrived at Santo Domingo on Feb. 19.

proving gravely prejudicial to our prestige, and the uncertainty which prevails as to the outcome of the situation is making the ultimate accomplishment of what we desire more difficult as time goes on, and is proving positively harmful to commercial and economic conditions in the Republic. This Government cannot permit this condition of uncertainty to continue. After a full consideration of the situation presented, and in pursuance of an attempt to reach the solution of the Dominican situation which will prove most beneficial to the Dominican people and leave no room for doubt that this Government's only purpose in its relations with the Dominican Republic is to assist the Dominican people in restoring tranquillity and economic prosperity to the Republic and financial stability in their Government, you are instructed, immediately upon your return to Santo Domingo, in cooperation with the Military Governor of Santo Domingo, to call together, for conference, the political leaders of the various political parties in the Republic, as well as other representative Dominicans, and advise the Dominican leaders that the United States is unwilling to permit present conditions to continue any longer, and to inform them that unless they now request the issue of a call for elections as provided in the Proclamation of June 14, 1921, and agree to have their followers participate in such elections, the Proclamation of June 14th will be withdrawn and the administration of the Dominican Republic by the United States will then continue until such time as the urgent public works, now in process of construction, have been completed, and an adequate Dominican constabulary is functioning, and if, thereupon, the administration of the Republic can be turned over to a properly constituted Dominican Government.

You may advise the political leaders that the words "these elections will be held under the supervision of the authorities designated by the Military Governor" used in the Proclamation issued June 14, 1921, were not intended to imply that the authorities so designated should necessarily be officials of the Military Government or officials of the American forces now in the Dominican Republic, but that such authorities to be designated by the Military Governor might well be Dominican citizens recommended for such position by the Dominican political leaders.

You are also instructed to indicate to the party leaders the willingness of this Government to make a final concession as regards Article V of the Convention of Evacuation proposed in the Proclamation of June 14, regarding the sending to Santo Domingo of a Military Mission from the United States, against which Article Dominican opposition appears to have concentrated and that this concession take the form of the omission of that Article from the Convention of Evacuation, with the understanding that the United States Government will

maintain a Legation Guard of American Marines until such time as the Government of the United States and the Dominican Government agree that public order is adequately safeguarded by the Dominican constabulary. (An understanding may well be reached, informally, whereby the officers of this Legation Guard may lend their services as instructors in the Dominican constabulary.)

You are further instructed to discuss with the political leaders, with the utmost frankness, the financial situation of the Dominican Government along the lines of the memorandum submitted by the Military Governor of Santo Domingo,⁹ a copy of which has already been furnished you. It should be made clear to the political leaders that permanent financing is essential to the Dominican Government, and that if such financing is not undertaken immediately by the Military Government, advantage cannot be taken of the terms specified for the redemption of the 1918 and 1921 loans, with consequent loss to the Dominican Treasury; that if such permanent financing is delayed until elections take place and a National Government has been installed, the Dominican Government, immediately upon assumption of office, will be forced to negotiate the flotation of such permanent loan, since it will thereupon encounter a deficit in the National Treasury; and that, therefore, in order that advantage may be taken of the terms provided for the redemption of the 1918 and 1921 loans, in order that Dominican finances may be stabilized, in order that the program of public improvements inaugurated by the Military Government may be continued, and in order that a Dominican Government may enter upon its duties with a balance in the Treasury, the Government of the United States will authorize the Military Government to negotiate, immediately, the flotation of a permanent loan of \$10,000,000, the allocation of which will be in accord with the memorandum of the Military Governor.

The flotation by the Military Government of this permanent loan will necessarily entail the extension of the life of the Receivership General of Dominican Customs, the establishment of which was provided by the Convention of 1907 between the United States and the Dominican Republic. Such an extension of our control over Dominican finances will be necessary whether the permanent loan is floated by the Military Government or by a subsequent Dominican Government, since no loan, in all probability, could be obtained without an extension of the duties of the Receiver General in this manner.

Should the conference between you and the Military Governor and the Dominican political leaders result in an agreement on the

⁹ Memorandum of Jan. 21, *supra*.

part of the Dominican leaders to take part in the elections, a proclamation calling elections should then be issued by the Military Governor. Should the conference not result, however, in a request for elections, the Military Governor will be instructed to issue a proclamation substantially in the form of the proclamation enclosed herewith.¹⁰

It is contemplated that the Military Governor of Santo Domingo will receive instructions from the Secretary of the Navy similar to these given to you, and that you will cooperate in a spirit of harmony in their observance.

You are directed further to keep the Department fully and promptly advised of developments.

I am [etc.]

CHARLES E. HUGHES

839.00, 2497

The Minister in the Dominican Republic (Russell) to the Secretary of State

No. 742

SANTO DOMINGO, March 5, 1922.

[Received March 21.]

SIR: I have the honor to inform you that, in accordance with your instructions of February 10, the following political leaders and representative Dominicans were invited to a conference with the Military Governor and myself. The conference took place in the Palace of the Archbishop on February 23rd, the following being invited: Archbishop Noël; General Horacio Vasquez; Federico Velasquez; Enrique Jimenez; Dr. Ramón Baez (ex-President); Francisco J. Peynado; José M. Cabral y Baez (ex-Minister for Foreign Affairs); Rafael J. Castillo (President Supreme Court); Tulio M. Cestero; Jacinto R. de Castro; Manuel de J. Troncoso de la Concha; Juan Fco. Sanchez (Civil Gov. Santo Domingo Province); Manuel de J. Lluveres (Sub-Secretary of Interior).

The Archbishop did not attend on account of the delicate state of his health. Dr. Henriquez y Carvajal¹¹ is absent in Cuba, but was represented by Tulio Cestero. Dr. Ramón Baez excused himself on account of professional duties.

I am enclosing herewith a copy of the statement that was given to each one of those present, and also a copy of their reply.

It seemed that all of those attending the conference came with their minds made up to accept nothing, as very little attention was paid to our statement, and nothing whatever was said in regard to the finan-

¹⁰ Not printed; as finally proclaimed, see p. 18.

¹¹ Former Provisional President.

cial plan that accompanied the statement. The main objection was the question of the Legation guard in place of the military commission, as it was stated that this matter of having foreign forces in Dominican territory would bring about a condition similar to that in Nicaragua, and that a continuance of the occupation for a hundred years would be preferable. The Admiral and I stated that we would like every one to study the statement very carefully for a few days, and that we would be glad to have another conference for further discussion. That same afternoon those who attended the conference held a meeting and drafted and signed the reply as enclosed. This reply was printed in the *Listin Diario*, and the signers were all characterized as heroes, and this seems to have ended the matter. The general opinion is that the leaders, not wishing to assume responsibility for anything, and to avoid attack in the press, preferred to allow matters to remain as they are for two years longer; and that the question of permanent financing is very acceptable, but the responsibility therefor has been evaded.

It is quite evident that the leaders and representative Dominicans, and through them the people, will never accept anything in the nature of the military mission, nor anything similar to it. The press has been notably mild, and there has been less agitation than for many months. . . .

I have [etc.]

WILLIAM W. RUSSELL

[Enclosure 1]

Statement of the Military Governor of Santo Domingo (Robison) and the American Minister in the Dominican Republic (Russell) Addressed to the Political Leaders and Representative Dominicans Attending the Conference of February 23

[SANTO DOMINGO,] 21 February, 1922.

GENTLEMEN: 1. The Military Governor of Santo Domingo and the American Minister to the Dominican Republic having been called to Washington, D. C., to confer on Dominican affairs and having now returned to Santo Domingo, announce that as the result of their conferences with the United States Department of State, they have been instructed to advise you, as leaders of the various political parties of the Republic and as representative Dominicans, to the following effect:

(a) That the United States Government, having announced its sincere desire and intention to withdraw from the Dominican Republic with only such treaty provisions as may be necessary to insure the proper discharge of its responsibilities in Santo Domingo and to the Dominican people, has given the Dominican people ample time

to consider the terms of the Proclamation of June 14, 1921, but, in spite of earnest and continued efforts to convince the Dominican people of the sincerity of the United States Government in this matter, the Dominican people have given no evidence of their willingness to accept the terms of the Proclamation of June 14. The United States Government is unwilling to permit the present state of suspense and uncertainty to continue because of its detrimental effects both on the economical and on the political well-being of the Dominican people and, unless Dominican leaders now request the issue of a call for elections as provided in the Proclamation of June 14, 1921, and agree that the members of their respective parties will participate in such elections, the Proclamation of June 14, 1921, as well as the Proclamation of December 23, 1920,¹² will be annulled and withdrawn and the administration of the Dominican Republic by the United States will continue until such time as the urgent public works now in the process of construction have been completed; an adequate Dominican Constabulary is functioning; and satisfactory arrangements made to turn over the administration of Dominican affairs to a properly constituted Dominican Government. The urgent public works referred to are, the completion of the main "carretera" to the North and the main roads from Santo Domingo to Higüey and to Comendador, respectively. The time required to complete these roads and to recruit and train an adequate Constabulary which will permit the entire withdrawal of all United States Military Forces is estimated to be not longer than two years from July 1, 1922.

(b) You are further advised that the following words used in the Proclamation of June 14, 1921, namely "These elections will be held under the supervision of the authorities designated by the Military Governor" were not intended to imply that the authorities so designated should necessarily be officials of the Military Government or officers of the American Forces in the Dominican Republic but that the authorities to be designated by the Military Governor might well be Dominican citizens recommended for such position by the Dominican political leaders and you are aware of the fact that the existing Election Law provides for representatives of the various political parties as watchers and members of Election Boards. It is not contemplated that the Military Authorities will take any action whatever except in cases of disturbances or disputes which will interfere with the orderly conduct of the elections or their legality under the Election Law.

(c) The United States Government is willing to make a final concession relative to Article 5 of the Convention of Evacuation proposed in the Proclamation of June 14, regarding the sending to Santo Domingo of a Military Mission from the United States, against which Article Dominican opposition appears to have concentrated. This concession will take the form of the omission of that Article from the Convention of Evacuation with the understanding that the United States Government will maintain a Legation Guard of United States Marines until such time as the Government of the United States and the Dominican Government agree that public order is adequately safe-

¹² For draft of proclamation of Dec. 23, 1920, see *Foreign Relations*, 1920, vol. II, p. 145; for that of June 14, 1921, *ibid.*, 1921, vol. I, p. 835.

guarded by the Dominican Constabulary. (An understanding may well be reached, informally, whereby the officers of this Legation Guard may lend their services as instructors in the Dominican Constabulary and such an arrangement will undoubtedly be made if the Dominican people sincerely desire the complete withdrawal of the United States Military Forces at the earliest possible date).

(d) Aside from the present political situation and regardless of whether the Republic is turned over to a properly constituted Dominican Government in the near future or at a later date, the financial situation of the Dominican Government, caused by the World-wide economic depression makes immediate permanent financing absolutely essential to the proper conduct of that government and your attention is invited to the enclosed financial memorandum relative thereto.¹³ If such financing is not undertaken immediately by the Military Government, advantage cannot be taken of the terms specified for the redemption of the 1918 and 1921 loans and the government will have no security to offer for funds necessary to complete the main roads nor to recruit the Constabulary to a strength sufficient to maintain security of life and property throughout the Republic and the withdrawal of the United States Military Forces will in consequence be indefinitely postponed. Moreover the new Dominican Government, assuming that elections were held and a new government installed, would find itself without funds to properly conduct its affairs, whereas, with a loan already negotiated in accordance with the financial memorandum referred to above the new government will have a working balance in the Treasury and its yearly charges for interest and amortization of the public debt will be substantially decreased and this, in view of present economic conditions, is most vital. Therefore, in order that Dominican finances may be stabilized; that the program of urgent public improvements may be continued; and that an adequate Dominican Constabulary may be recruited and trained; and the functions of government may be carried on in an economical but efficient manner, the Government of the United States will authorize the Military Government to negotiate immediately a permanent loan of \$10,000,000, the allocation of which will be in accordance with the financial memorandum previously referred to. The preliminary steps for floating such a loan are now being taken.

(e) The floatation by the Military Government of the permanent loan will necessarily entail the extension of the life of the Receivership General of Dominican Customs, the establishment of which is provided by the Convention of 1907 between the United States and Dominican Republic. Such extension of the Receivership will be necessary whether the permanent loan is floated by the Military Government or by the subsequent Dominican Government since no loan can be obtained without an extension of the duties of the Receivership General in this manner; and therefore the United States desires to include in the Treaty of Evacuation an article which will make provision for such extension and a further provision similar to that made in the Convention of 1907 for the expenditure

¹³ Not printed; it was substantially the same as the memorandum of Jan. 21, p. 7.

of funds from the loan substantially in accordance with the financial memorandum referred to.

2. The Military Governor and the American Minister hold themselves in readiness to discuss fully and frankly with the political leaders and representative Dominicans all matters pertaining to Dominican affairs and they trust that this conference will result in an agreement on the part of Dominican leaders to take part in the elections, the first step toward providing a properly constituted Dominican Government and accomplishing the disoccupation of Santo Domingo by the United States Forces.

3. It is requested that you give this subject your immediate and earnest attention and that you be prepared to inform us of your decision at an early date.

Respectfully,

S. S. ROBISON

*Rear Admiral, United States Navy
Military Governor of Santo Domingo*

WILLIAM W. RUSSELL

*United States Envoy Extraordinary
and Minister Plenipotentiary to the
Republic of Santo Domingo*

[Enclosure 2]

*Reply of the Political Leaders and Representative Dominicans to the
Statement of the Military Governor of Santo Domingo (Robison)
and American Minister in the Dominican Republic (Russell)*

SANTO DOMINGO, *February 23, 1922.*

GENTLEMEN: We, the undersigned, convened this afternoon, and having read carefully the document presented by you at the meeting held today in the Capitular Hall of the Archbishop's Palace, we have unanimously decided to ratify our statements of this morning to the effect that it is impossible to consider any point raised in said document, and we sustain our unswerving protest against the occupation of the Dominican Republic by the Military Forces of the United States.

With the expression of our highest consideration, we remain,

Respectfully,

J. M. CARRAL Y B.

FEDERICO VELASQUEZ

ML. DE J. TRONCOSO DE LA CONCHA

ENRIQUE JIMENEZ

JUAN F. SANCHEZ

HORACIO VASQUEZ

R. J. CASTILLO

ILLUVERES

FRANCISCO J. PEYNADO

JACINTO R. DE CASTRO

TULLIO M. CESTERO

839.00/2528

*Proclamation of March 6, 1922, by the Military Governor of Santo Domingo Providing for the Continuance of Military Occupation until Approximately July 1, 1924*¹⁴

WHEREAS, By Proclamation of July 27, 1921,¹⁵ the United States Government announced its intention to adhere to the terms of the proposed Convention of Evacuation, outlined in the Proclamation of June 14, 1921, and also announced its intention to postpone the meeting of the Primary Assemblies summoned by order of Convocation dated July 14, 1921, until such time as the success of an election might be assured, and

WHEREAS, The Dominican people have now had ample time to consider the Proclamation of June 14, 1921, and have given no evidence of their willingness to accept its terms and

WHEREAS, It would be detrimental to the well-being of the Dominican people to permit the present state of suspense and uncertainty in governmental affairs to continue

NOW, THEREFORE, I, Samuel S. Robison, Rear Admiral, U. S. Navy, Military Governor of Santo Domingo, acting under authority of the Government of the United States, do hereby withdraw and annul the Proclamation of June 14, 1921, and do also withdraw and annul the Proclamation of December 23, 1920,¹⁶ and do hereby announce and proclaim that the Military Government will continue to operate in accordance with the Proclamation of November 29, 1916;¹⁷ will continue its program of public works and public education, and organization and training of a Dominican Military force sufficient to preserve order in the Republic without the aid of the Military forces of the United States, and for these purposes will negotiate a loan which will be secured by Dominican customs revenues in such manner as not to increase present annual charges. And I do further announce that upon the conclusion of the present program of public works and when an adequate Dominican Military force has been recruited and trained, the United States Government will consider complete withdrawal of the Military Government and of all its military forces, such withdrawal being conditioned upon the prior election of a properly constituted Dominican Government and the prior negotiation and ratification of a treaty providing for an extension of the duties of the

¹⁴ Text transmitted in the Quarterly Report of the Military Governor, dated Apr. 22.

¹⁵ *Foreign Relations*, 1921, vol. I, p. 842.

¹⁶ *Ibid.*, 1920, vol. II, p. 145.

¹⁷ *Ibid.*, 1916, p. 246.

General Receiver of Dominican Customs, as appointed under the Convention of 1907, until the loan mentioned above is paid off, and making such other provisions as may appear to be to the mutual advantage of the United States and of the Dominican Republic.

S. S. ROBISON

*Rear Admiral, United States Navy
Military Governor of Santo Domingo*

SANTO DOMINGO CITY, March 6, 1922.

839.00/2499 : Telegram

The Minister in the Dominican Republic (Russell) to the Secretary of State

SANTO DOMINGO, March 27, 1922—6 p.m.

[Received March 28—10:21 a.m.]

13. Military Governor and I had a conference with Federico Velasquez today. Speaking for himself as leader of [his] party and with reasonable assurance of cooperation of others, principally Horacio Vasquez party, [he] stated that when finances are in order as a result of loan and national police recruited to sufficient strength they will make proposition in regard to going to elections, either directly to the Government here or they will go to Washington for that purpose. They consider these two essentials, loan and national police, as absolutely necessary preliminaries to electing native government and they do not see how it is possible for the United States to evacuate this year. They will present proposed law of provinces and communes which they consider that Military Government should enact prior to disoccupation. Velasquez and Horacio Vasquez parties control country.

RUSSELL

839 00, 2525

The Assistant Secretary of the Navy (Roosevelt) to the Secretary of State

WASHINGTON, May 24, 1922.

MY DEAR MR. SECRETARY: I am enclosing you a copy of the proposed letter of instruction to the Military Governor of the Dominican Republic. . . .

Believe me [etc.]

THEODORE ROOSEVELT

[Enclosure]

*Draft of Proposed Instruction from the Secretary of the Navy
(Denby) to the Military Governor of the Dominican Republic
(Robison)*

[WASHINGTON,] May 23, 1922.

1. It is the policy of the Government to so arrange for the withdrawal of its forces from the Dominican Republic as to accomplish such withdrawal with a minimum of friction, after the preliminary conditions, with which you are familiar, shall have been complied with. With this end in view, the Department deems it advisable to outline its views on the subject of the relations which it believes should subsist between the Second Brigade and the Policia Nacional as follows.

2. Based upon the information in the Department, it appears that a state of peace exists in the Dominican Republic; that there is no armed opposition to our military forces; and that retention of the Brigade of Marines is necessary at the present time for the following reasons, only:

- (a) The lack of adequate police and constabulary forces in the Republic.
- (b) Their presence discourages possible attempts to organize armed bands with the purpose on the part of the leaders to, thereby, control the country in whole or in part.
- (c) Their presence provides a strong moral support to the military government in the accomplishment of its mission.

3. In view of the above, it is believed to be desirable at the earliest practicable date to divorce the purely military forces of the United States—the Second Brigade of Marines—from what normally are civil duties.

4. Civil duties should ordinarily be performed by the Policia Nacional. This force should therefore be developed as rapidly as possible to perform the necessary police and constabulary duties.

5. Such personnel of the Marine Corps as you may need to assist in ordinary governmental functions, should, so far as, and as soon as practicable, be separated from the Brigade. They should undertake their special work with the idea that they are to function in the manner of civil administrators, rather than as military officials.

6. Whenever conditions require the assistance of troops from the Brigade to restore or to preserve order in any part of the Republic, you should direct the Brigade Commander to take the necessary steps to restore or preserve order in the specified part, or section of the country, and the Brigade Commander would then become responsi-

ble for the employment of the necessary troops and the requisite operations.

7. The military command of Policia Nacional units stationed in or assigned to parts of the country where the Brigade Commander has been directed to restore or preserve order would pass to the Brigade and the Brigade Commander would designate the officers to command mixed detachments of Policia and Marines.

8. However, in those parts of the country where he is responsible for orderly condition, the Brigade Commander should employ, wherever practicable, the attached Policia personnel for carrying on the regular peace duties assigned to it.

9. When the Policia Nacional shall have ceased to function under the Brigade Command, as outlined in paragraph four of this letter, a Policia agent would be detailed to the Brigade headquarters when any part of the Policia passes under the Brigade command, as provided in paragraph seven of this letter, to see that liaison is maintained between the respective headquarters.

10. The Governmental policy is, in so far as conditions permit, to keep the Second Brigade and all personnel attached thereto, separate from the personnel of the civil functions of the government, and to have these functions performed by the civil force.

11. The Major General Commandant has been directed to prepare and forward through you, a letter of instructions to the Commanding General of the Second Brigade, covering more in detail the latter's duties as they are affected by the policy outlined in this letter to you.

839 00/2525

The Secretary of State to the Acting Secretary of the Navy
(Roosevelt)

WASHINGTON, June 2, 1922.

SIR: I have received your letter of May 24, with which you transmitted a proposed letter of instructions to the Military Governor of Santo Domingo.

I concur entirely with the policy as outlined in your letter, as I feel it advisable that steps should be taken at the earliest practicable date to relieve the military forces of the United States from the performance of police duties in the interior of the Dominican Republic. The plan outlined in the proposed instruction should materially facilitate the eventual withdrawal of the Military Government.

I have [etc.]

CHARLES E. HUGHES

839.00/2533

The Minister in the Dominican Republic (Russell) to the Secretary of State

No. 768

SANTO DOMINGO, June 7, 1922.

[Received June 22.]

SIR: I have the honor to refer generally to the subject of political conditions in the Dominican Republic and in particular to my telegrams No. 19 of April 24 [25], 5 p.m., and No. 22 of May 26, 5 p.m., 1922,¹⁸ relative to the contemplated visit of Mr. Federico Velasquez¹⁹ and Mr. Jacinto de Castro²⁰ to Washington to discuss disoccupation, and in that connection to transmit herewith, for the information of the Department, a copy of notes on a conference held June 3rd between the above named political leaders and the Military Governor and myself.

I have [etc.]

WILLIAM W. RUSSELL

[Enclosure]

Notes on a Conference of the Military Governor (Robison) and the American Minister (Russell) with Federico Velasquez and Jacinto de Castro, June 3, 1922

At the request of Mr. Velasquez and Mr. de Castro the Military Governor and the American Minister held a conference with them in the office of the Military Governor on Saturday, June 3, 1922, in regard to the trip which they intend making to the United States for the purpose of reaching an agreement with the State Department as to the terms and method of dis-occupation of the Dominican Republic. Mr. Velasquez and Mr. de Castro expressed opinions on different subjects pertaining to the disoccupation as follows:

(a) Ratification and validation of the acts of the Military Government—That they interpreted this to mean ratification and validation only of those acts of the Military Government done for and in the name of the Dominican Republic, and not the acts of the Forces of Occupation performed for and in the name of the United States Government. They wished to know, however, which government would be responsible for any damages to foreign subjects that may have been incurred by the acts of the Military Government for the Dominican Republic, and were told that this would be a matter to be settled in the negotiations of the United States and the Dominican plenipotentiaries prior to the disoccupation, and they agreed that this was the best procedure.

¹⁸ Neither printed.

¹⁹ Leader of the Progresista (or Velasquista) party.

²⁰ A leader of the Nacional (formerly Horacista) party.

(b) Holding of Elections—That elections should be held under convocatory order of the Military Governor under the present election law, with such minor changes as may be found necessary and desirable, one desirable change being the inclusion of a prior registration requirement for voters. They stated their objection to the holding of elections under any of the several plans formulated by various Dominicans and bodies of Dominicans, such as under convocatory order of the Supreme Court or by a restoration party in accordance with the Plan of Puerto Plata, such bodies not being authorized by law to hold elections, and requiring either a change in the constitution or an Executive Order of the Military Government clothing them with the power, and a further objection that these bodies could not properly control the public forces necessary for the holding of a fair and orderly election.

(c) Plan of Puerto Plata ²¹—That neither of them were in accord with this plan and did not consider it practical, and that no one of the principal party leaders now subscribed to this plan.

(d) Method of announcing agreement on the part of political party leaders to go to elections—That this announcement should be made by proclamation of the Military Governor, stating in simple form the basis of the agreement which the party leaders had reached with the United States Government.

(e) Form of cooperation of party leaders in the organization and training of the Policia] N[acional] D[ominicana]—That this cooperation be given by them as party leaders and responsible citizens, both privately and publicly, and that it was not necessary for them to hold any government office in order to render efficient cooperation in this matter.

2. When questioned as to the length of time before they considered that all the Forces of Occupation could be withdrawn and asked for an intimation as to how they proposed to meet the announced requirements of the United States Government in this country, Mr. de Castro outlined his tentative plan as follows:

(1) An agreement being reached with the United States Government, preparations for elections, the holding of elections for both houses of congress and a president, and the installation of a properly constituted Dominican Government, could be accomplished not prior to February 1, 1923.

(2) An agreement once reached, the party leaders would assist the organization of the P. N. D. by supplying the best officer material in the Republic, and that these and the other officers already trained would furnish a nucleus for further training under a Dominican Government without need of further instruction of American Officers.

²¹A conference of chiefs of Dominican parties at the city of Puerto Plata on Dec. 9, 1921, repudiated the right of the United States to intervene in Dominican affairs and rejected the proposals made in the Proclamation of June 14, 1921. The conference provided for a Committee of Restoration to act as the representative of the Dominican people, particularly in the conduct of elections (file no. 839.00/2678).

(3) That the President-elect be installed in office one month after his election, as required by the constitution; his election and installation into office being under the agreement of the party leaders with the United States Government, so that after his taking of the oath of office, both he and the congress of the Dominican Republic would be bound to make such a treaty with the United States Government as outlined in the said agreement.

3. The Military Governor pointed out that the presence of a Military Governor and a President of the Republic in office would be conducive to friction. Mr. de Castro did not agree, but made no satisfactory explanation of how this difficulty could be avoided. The Military Governor further pointed out that, under the plans outlined by Mr. de Castro, sufficient training for the P. N. D. would not be insured, and that this would not meet the requirement of the United States Government that the P. N. D. be left in such state that peace and good order would be guaranteed. He further urged that the party leaders make some provision in this respect to meet the requirement of the United States Government that this national police force be properly organized and trained, either before or after the disoccupation. Both Mr. de Castro and Mr. Velasquez saw no personal objection to the Dominican President asking for American Officer instructors after his installation into office, but were of the opinion that, as public opinion was so firm against any form of military mission, that such action on the part of a Dominican President would be out of the question. In this respect Mr. Velasquez showed some inclination to compromise, and it is believed that he has some proposed solution which he does not care to announce at this time.

4. As to the time of the departure of these two gentlemen for the United States, Mr. Velasquez stated that he was ready to go any time and would probably leave on Monday, June 5th, or Wednesday, June 7th. However, Mr. de Castro stated that he had encountered certain difficulties, a difference of opinion in his party and pressure of legal business, and that he was not certain of the exact date of his departure. Mr. de Castro further stated that in order to strengthen his position in Washington, particularly in the eyes of Dominicans, and to avoid criticism of his acts and resulting dissension in his party, he considered it advisable for the chief of his party, General H. Vasquez, to accompany him to Washington, and that General Vasquez had agreed, but also that the exact date of his departure could not be stated.

5. Both of these Gentlemen are firm in their intention of proceeding to the United States and effecting an agreement with the United States Government, and even though their departure may be delayed, it is believed that they will carry out their intentions unless some unforeseen events transpire. It may be probable that, as Mr. Velasquez is

now ready, he may proceed to the United States and there await the later arrival of Mr. de Castro and General Vasquez.

839.00/2531 : Telegram

The Minister in the Dominican Republic (Russell) to the Secretary of State

SANTO DOMINGO, June 8, 1922—5 p.m.

[Received June 12—2:25 p.m.]

23. General Horacio Vasquez²² and Federico Velasquez left here yesterday for Washington via Porto Rico and will arrive at New York about June 13th. . . .

RUSSELL

839.00/2653

Mr. Sumner Welles²³ to the Secretary of State

[WASHINGTON,] June 20, 1922.

DEAR MR. SECRETARY: The two Dominican political leaders, General Vasquez and Señor Velasquez, leaders respectively of the Horacista and Velasquista parties, stated in the course of their first interview that they agreed entirely with the plan of evacuation already outlined by Dr. Peynado²⁴ and with the supporting statements made by him to you.

This plan, as recapitulated to me by Dr. Peynado, appears to be as follows:—

1. Election by the party leaders of a Provisional President, and previous agreement between the leaders as to the members of the Cabinet to be appointed by the Provisional President. Upon the installation of the Provisional Government, the Military Government is to cease, and the Military Governor and the military force under him, while remaining in the Republic during the life of the Provisional Government, are to limit their duties to acting as a reserve force to be used only in the event of the most serious disorder. The Provisional Government will assume control of the Guardia Nacional, and the Party leaders will use their personal influence to see that it is maintained at the highest standard of efficiency possible.

²² Horacio Vasquez replaced Jacinto de Castro as representative of the Nacional party.

²³ Mr. Welles resigned on Mar. 15, 1922, as Chief of the Division of Latin American Affairs. On May 31 he was summoned to Washington to assist in the conferences between the Department and the Dominican Representatives.

²⁴ Francisco J. Peynado, formerly Dominican Minister in the United States, had come to Washington in March to confer with the Secretary on the program of evacuation. He did not represent any political faction.

In brief, the Provisional Government will assume the entire administration of the Republic.

2. The Provisional President will promulgate new laws (which are already prepared) relative to the holding of elections, and the reorganization of the existing forms of Government in the Provinces and Municipalities (Ayuntamientos).

3. The Provisional President will convoke the Primary Assemblies in accordance with the provisions of the new election law and these Assemblies shall proceed to elect the electors as prescribed by Article 84, Paragraph 1, of the existing Constitution.

4. The electoral college thus elected by the Primary Assemblies shall proceed to elect members of the Senate and Chamber of Deputies.

5. Congress will vote necessary reforms in the Constitution and will call for the election of a Constitutional Assembly (Constituyente) elected by direct vote of the people, to which the suggested reforms to the Constitution will be submitted and by which these reforms will be amended or approved.

6. The Electoral Colleges will then proceed to elect the President of the Republic and other members of the Executive Power, and the Provisional Government will thereupon cease.

7. Immediately after taking office, the President will appoint plenipotentiaries to negotiate a Convention of Evacuation with the United States. Upon the satisfaction [*ratification?*] of this Convention, the military forces of the United States will immediately leave the Dominican Republic.

In my opinion, there are two very grave objections to this proposed plan. The objections which occur to me are as follows:

I. According to General Vasquez and Senor Velasquez, they themselves control a majority of the voters in the Dominican Republic, and any Provisional President upon whom they agree, would represent the majority of the Dominican people. They declare, however, that in addition, the leaders of the Unionista Party are in accord with their views, and that any Provisional President upon whom the Unionista, Horacista and Velasquista parties agreed, would, without any doubt at all, be agreeable to the great majority of the Dominicans. They state that if this Government is not satisfied with their assurances as to their political strength, they are willing to have the Provisional President be elected by a majority vote of a committee composed of representatives of the three parties above named, and of the Nacionalistas, under which name they class all those opposed to these three political parties. The leader of the so-called Nacionalistas is presumably Dr. Henriquez y Carvajal.

It does not seem to me that this Government can consent to this proposed arrangement without the most careful previous investigation. I, personally, do not believe that the political strength of these gentlemen is as great as they appear to believe, and it would, in my belief, be a serious error to permit the Provisional President, who can control the subsequent elections, to be placed in power by a group which may represent only a minority of the Dominican people. A satisfactory investigation of this aspect of the situation can only be

made by a duly authorized representative of this Government in the Dominican Republic.

Furthermore, I do not feel that the Military Government can safely go out of being until this Government is advised that the new Dominican Government will positively ratify the Convention of Evacuation, upon which this Government must insist.

After consideration, it is my opinion that the following plan, which contains many of the features of the plan suggested by Dr. Peynado, is one which might be satisfactory to this Government, and which should represent the extreme limit of the concessions which the Department could admit.

1. Ascertainment by this Government of the exact political situation in the Dominican Republic and determination as to whether an agreement can, in fact, be reached between political leaders representing a majority of the electorate upon a Provisional Government.

2. If satisfactory information upon this point can be obtained, announcement by the Military Government that a Provisional Government will be installed (for the purpose of promulgating certain legislation, for the purpose of enabling the Dominican people to make such amendment to the Constitution as they may see fit, and for the purpose of holding general elections without the intervention of the Military Government), to which such administrative powers as may be necessary for the above specified purposes will be delegated by the Military Government.

3. Selection by the Political leaders of a Provisional President and Cabinet. Upon the installation of the Provisional Government, the various Executive Departments will be turned over to the several Ministers so selected. The personnel of the Departments will not be changed except with the consent of the Military Governor, and the officials in charge of the Ministries during the Military Government will remain as advisers to the Ministers of the Provisional Government. (It is probable that it would be advisable to make the counter-signature of the Military Governor's representative in the Treasury Department on orders of the Minister of the Treasury necessary before such orders became effective.) As soon as the Provisional Government is installed, the Military Governor will turn over to the Provisional President the National Palace, and, at the same time, all the Military Forces of the United States in the Republic will be concentrated in one or two cantonments, as the Navy Department may determine. From that time on local order will be maintained solely by the Dominican Guardia Nacional.

4. The Provisional President will promulgate new laws (which are already prepared) relative to the holding of elections, and the reorganization of the existing forms of Government in the Provinces and Municipalities (Ayuntamientos).

5. The Provisional President will convoke the Primary Assemblies in accordance with the provisions of the new election law and these Assemblies shall proceed to elect the electors as prescribed by Article 84, Paragraph 1, of the existing Constitution.²⁵

²⁵ For the text of the Constitution, see *Foreign Relations*, 1908, p. 260.

6. The Electoral College thus elected by the Primary Assemblies shall proceed to elect members of the Senate and Chamber of Deputies.

7. Congress will vote necessary reforms in the Constitution and will call for the election of a Constitutional Assembly (Constituyente) elected by direct vote of the people, to which the suggested reforms to the Constitution will be submitted and by which these reforms will be amended or approved.

8. The Provisional President will appoint plenipotentiaries to draw up a Convention of Evacuation with the United States. This Convention will thereupon be submitted by the Provisional President to the Congress by which the Convention will be approved. (Paragraph 17, Article 35, Section I, Title VI, Dominican Constitution).

9. The Electoral Colleges will then proceed to elect the President of the Republic and other members of the Executive Power, and upon his inauguration, the Provisional Government will cease.

10. Immediately after taking office, the President will sign the Convention of Evacuation approved by the Congress. Thereupon the Military Government will terminate, and the Military forces of the United States will at once leave the Dominican Republic.

WELLES

839.00/2681a

The Acting Chief of the Division of Latin American Affairs, Department of State (White) to the Dominican Representatives (Velasquez, Vasquez, and Peynado)

WASHINGTON, June 30, 1922.

GENTLEMEN: Referring to the recent conversations held in the Latin-American Division of the Department of State between yourselves and Mr. Sumner Welles, Dr. Munro, and me, I take pleasure in enclosing herewith a memorandum, together with a suggested Spanish translation, of the plan discussed in the course of those interviews.²⁸ I shall be very glad to have you examine this memorandum and signify to me, at your early convenience, your several acceptances of the arrangement proposed therein.

As regards the terminology of the Convention, I must inform you that it will be necessary for the Department of State to reserve the right, after receiving the opinions of its legal advisers and those of the legal advisers of the Military Government in Santo Domingo, to make such modifications, if any, as they may feel to be necessary to protect the rights acquired by third persons under the Military Government and which they may feel are not amply protected under the

²⁸ English draft of memorandum not found in Department files; the text printed *infra* is a translation of the Spanish version.

wording of the present draft treaty. It is understood, of course, that such changes, if any, as may be deemed necessary will be for the objects above stated.

I would also suggest that the memorandum enclosed herewith be regarded as confidential until further notice.

I am [etc.]

FRANCIS WHITE

[Enclosure—Translation]

Draft Memorandum of June 29, 1922, Providing for the Withdrawal of the Military Government

1. Announcement by the Military Government that a Provisional Government will be set up for the purpose of promulgating legislation to regulate the holding of elections, and to provide for the reorganization of the provincial and municipal governments, and to enable the Dominican people to make such amendments to the Constitution as they may deem appropriate and hold elections without the intervention of the Military Government. At the same time, the Military Government will announce that it will delegate to the Provisional Government administrative powers to carry out freely the aforesaid purposes.

2. Choice of a Provisional President and his Cabinet by a majority vote of a committee composed of the leaders of each political party of the Dominican Republic constituted on or before June 30, 1922. The Committee of Political Leaders, in appointing the Provisional Government, will determine the conditions placed upon the exercise of that Government and the said committee, by a majority vote, will fill the vacancies that may occur in that Government on account of death, resignation, or disability of any of its members. Upon the inauguration of the Provisional Government, the Executive Departments of the Dominican Republic shall be turned over to the members of the Cabinet thus designated. There shall be no change in the personnel of these Departments during the term of the Provisional Government, except for duly proved cause. Officials in charge of the Executive Departments of the Military Government will lend their assistance to the respective Secretaries of State of the Provisional Government. There shall be no payment made by the Department of Finance except in accordance with the Budget in force, nor will any payment be made otherwise than as customary. Any necessary item of expenditure not provided for in the Budget will be appropriated by the Provisional Government in accord with the Military Governor. Immediately upon the installation of the Provisional Government, the Military Government will deliver to that Government the National Palace, and, at the same time, the

Military Forces of the United States in the Dominican Republic will be concentrated at one, two, or three places, as may be determined by the Military Government. From that date order will be maintained by the Dominican National Police under the orders of the Provisional Government, except in the case of serious disturbances which, in the opinion of the Provisional Government and of the Military Governor, cannot be suppressed by the Forces of the Dominican Police.

3. The Provisional President will promulgate the legislation above referred to concerning the holding of elections and the reorganization of the Government of the Provinces and Communes.

4. The Provisional President will convene the Primary Assemblies in accordance with the provisions of the new election law and those assemblies will elect the electors as provided by Article 84 of the present Constitution.

5. The Electoral Colleges so elected by the Primary Assemblies will elect the members of the Senate and of the Chamber of Deputies and will prepare the lists of the members of the Judiciary to be submitted to the National Senate.

6. The Congress will vote the necessary amendments to the Constitution and will issue the call for the election of the Constituent Assembly, to which the proposed amendments will be submitted.

7. The Provisional President will designate plenipotentiaries to negotiate a Convention of Evacuation reading as follows:

"I. The Dominican Government hereby recognizes the validity of all the Executive and Departmental Orders promulgated by the Military Government and published in the *Official Gazette*, which may have levied taxes, authorized expenditures, or established rights on behalf of third persons, and the contracts which may have been entered into in accordance with those Orders or with any law of the Republic. These Orders and Contracts are those listed below:²⁷

"The Dominican Government likewise recognizes the Executive and Departmental orders above mentioned as having been laws of the Republic from the date of their promulgation and agrees that they shall remain in full force and effect unless and until they are severally and lawfully abrogated. The Dominican Government further agrees that neither the subsequent abrogation of these orders, nor any law, executive order or other official act of the Dominican Government, shall affect the validity and security of rights acquired in accordance with those orders and contracts of the Military Government.

"II. The Dominican Government, in accordance with the provisions of Article I, specifically recognizes the bond issue of 1918 and the twenty-year five and one-half percent Customs Administration Sinking Fund Gold Bond Issue authorized in 1922, as legal, binding,

²⁷List omitted from the original.

and irrevocable obligations of the Republic, and pledges its full faith and credit to the maintenance of the service of these bond issues, and to the complete execution of the contracts in accordance with which the bonds were issued.

"III. The Dominican Government and the Government of the United States agree that the Convention signed on February 8, 1907, between the United States and the Dominican Republic, shall remain in force so long as any bonds of the issues of 1918 and 1922 shall remain unpaid, and that the duties of the General Receiver of Dominican Customs appointed in accordance with that Convention shall be extended to include the collection and application of the revenues pledged for the service of these bond issues in accordance with the terms of the Executive Orders and of the contracts under which the bonds were issued.

"IV. This agreement shall take effect after its approval by the Senate of the United States and the Congress of the Dominican Republic.]"

[This Convention will be referred to the Dominican Congress for its approval. The Congress will, in addition, pass a law recognizing, independently of the Convention of Ratification, the validity of the orders referred to in the said Convention.] ²⁸

8. The members of the Judicial Power will be elected in accordance with the Constitution.

9. After all the steps specified in the foregoing articles have been taken, and after the Dominican Congress has approved the Convention and enacted the law referred to in Article 7, the members of the Executive Power will be elected in accordance with the Constitution. Immediately upon taking possession of his office, the President will sign the law ratifying the Executive Orders and the Convention of Evacuation, and the Military Forces of the United States will then leave the Dominican Republic.

830.00/2684

The Dominican Representatives (Velasquez, Vasquez, and Peynado) to the Chief of the Division of Latin American Affairs, Department of State (White)

[Translation ²⁹]

WASHINGTON, June 30, 1922.

DEAR SIR: We have the honor to acknowledge the receipt of the kind communication which you saw fit to send us today, as well as the draft of an understanding in English together with translation into Spanish, to which you refer.

²⁸ This paragraph appears in all the earlier drafts of the memorandum. That it was inadvertently omitted from the Spanish version, here translated, is evinced by the text of article 9, *infra*.

²⁹ File translation revised.

In regard to this letter we will say that as we have faith in the high spirit of justice which governs the acts of the Department under the direction of the Honorable Secretary of State, Mr. Hughes, we entertain no doubt but that the reservation contained in the next to the last paragraph was made without any intention to injure the interests of the Dominican people; but as this reservation makes substantial changes possible at the suggestion of advisers not connected with the deliberations which we have been holding, we in turn, although quite as desirous as your Department of upholding the validity and integrity of rights which may have been acquired by third parties, feel obliged, should you insist on maintaining the said reservation, to frame the one following:

When suggested amendments appear to us to involve unjustifiable injury to the interests of the Dominican people, we shall then have the right to withhold our signatures from the understanding.

With sentiments of highest consideration,

FRAN^{co} J. PEYNADO
HORACIO VASQUEZ
FED^{co} VELASQUEZ

889.00/2684

The Chief of the Division of Latin American Affairs, Department of State (White) to the Dominican Representatives (Velasquez, Vasquez, and Peynado)

WASHINGTON, July 3, 1922.

GENTLEMEN: I have the honor to acknowledge the receipt of your letter of the 30th *ultimo*, in reply to mine of the same date, and to inform you that I have noted the contents thereof.

As regards your observation with respect of [*to?*] the reservation made in the second paragraph of my letter, I desire to point out to you that the last sentence of that paragraph, stating, "It is understood, of course, that such changes, if any, as may be deemed necessary will be for the objects above stated", referring to such modifications as might be necessary to protect the rights acquired by third persons under the Military Government, would appear fully to meet with your objections so that the reservation contained in the last sentence of your letter under acknowledgment would appear not to be necessary.

I desire, however, to point out to you that the reservation was made on behalf of the Department of State and such modifications, if any, as may be necessary, will, of course, also be made by the Department of State or its representative, and not by persons apart from the deliberations which we have been holding, as your letter

would seem to suggest. In view of this, you will wish, I feel sure, to withdraw the reservation made in your letter.

I am [etc.]

FRANCIS WHITE

839.00/2682

Memorandum of the Plan of June 30, 1922, for the Withdrawal of the Military Government, Signed at Washington, July 3, 1922

[Translation]

1. Announcement by the Military Government that a Provisional Government will be set up for the purpose of promulgating legislation to regulate the holding of elections, and to provide for the reorganization of the provincial and municipal governments, and to enable the Dominican people to make such amendments to the Constitution as they may deem appropriate and hold elections without the intervention of the Military Government. At the same time, the Military Government will announce that it will delegate to the Provisional Government administrative powers to carry out freely the aforesaid purposes.

2. Choice of a Provisional President and his Cabinet by a majority vote of a Commission composed of General Horacio Vasquez, Don Federico Velásquez, Don Elias Brache, Don Francisco J. Peynado and Monseñor Dr. Adolfo A. Nouel, upon the inclusion of whom the four above named representatives have agreed. The Commission, in determining upon the members of the Provisional Government, will determine the conditions placed upon the exercise of that Government, and the said Commission, by a majority vote, will fill the vacancies that may occur in that Government on account of death, resignation, or disability of any of its members. Upon the inauguration of the Provincial Government, the Executive Departments of the Dominican Republic shall be turned over to the members of the Cabinet thus designated. There shall be no change in the personnel of these Departments during the term of the Provisional Government, except for duly proved cause. Officials in charge of the Executive Departments of the Military Government will lend their assistance to the respective Secretaries of State of the Provisional Government. There shall be no payment made by the Department of Finance except in accordance with the Budget in force, nor will any payment be made otherwise than is customary. Any necessary item of expenditure not provided for in the Budget will be appropriated by the Provisional Government in accord with the Military Governor. Immediately upon the installation of the Provisional Government, the Military Government will deliver to that Government the National Palace, and at the same time, the Mili-

tary Forces of the United States in the Dominican Republic will be concentrated at one, two, or three places, as may be determined by the Military Governor. From that date, peace and order will be maintained by the Dominican National Police under the orders of the Provisional Government, except in the case of serious disturbances which, in the opinion of the Provisional Government and of the Military Governor, cannot be suppressed by the Forces of the Dominican National Police.

3. The Provisional President will promulgate the legislation above referred to concerning the holding of elections and the reorganization of the Government of the Provinces and Communes.

4. The Provisional President will convene the Primary Assemblies in accordance with the provisions of the new election law and those assemblies will elect the electors as provided by Article 84 of the present Constitution.

5. The Electoral Colleges so elected by the Primary Assemblies will elect the members of the Senate and of the Chamber of Deputies and will prepare the lists of the members of the Judiciary to be submitted to the National Senate.

6. The Congress will vote the necessary amendments to the Constitution and will issue the call for the election of the Constituent Assembly, to which the proposed amendments will be submitted.

7. The Provisional President will designate plenipotentiaries to negotiate a Convention of Ratification reading as follows:

"I. The Dominican Government hereby recognizes the validity of all the Executive and Departmental Orders promulgated by the Military Government and published in the *Official Gazette*, which may have levied taxes, authorized expenditures, or established rights on behalf of third persons, of Administrative Regulations issued, and of the contracts which may have been entered into, in accordance with those Orders or with any law of the Republic. These Orders, Regulations, and contracts are those listed below:¹⁰

"The Dominican Government likewise recognizes the Orders above mentioned as having been laws of the Republic from the date of their promulgation and agrees that they shall remain in full force and effect unless and until they are severally and lawfully abrogated. The Dominican Government further agrees that neither the subsequent abrogation of these Orders, nor any law, executive order or other official act of the Dominican Government, shall affect the validity and security of rights acquired in accordance with those orders and contracts of the Military Government.

"II. The Dominican Government, in accordance with the provisions of Article I, specifically recognizes the bond issue of 1918 and the twenty-year 5½% Customs Administration Sinking Fund Gold Bond Issue authorized in 1922, as legal, binding, and irrevocable obligations of the Republic, and pledges its full faith and credit to the

¹⁰ List omitted in original document.

maintenance of the service of these bond issues, and to the complete execution of the contracts in accordance with which the bonds were issued.

"III. The Dominican Government and the Government of the United States agree that the Convention signed on February 8, 1907, between the United States and the Dominican Republic, shall remain in force as long as any bonds of the issues of 1918 and 1922 shall remain unpaid, and that the duties of the General Receiver of Dominican Customs appointed in accordance with that Convention shall be extended to include the collection and application of the revenues pledged for the service of these bond issues in accordance with the terms of the Executive Orders and of the contracts under which the bonds were issued.

"IV. This agreement shall take effect after its approval by the Senate of the United States and the Congress of the Dominican Republic."

This Convention will be referred to the Dominican Congress for its approval. The Congress will, in addition, pass a law recognizing, independently of the Convention of Ratification, the validity of the Orders, of the Administrative Regulations and of the contracts referred to in the said Convention.

8. The members of the Judicial Power will be elected in accordance with the Constitution.

9. Immediately after all the steps specified in the foregoing articles have been taken, and after the Dominican Congress has approved the Convention and passed the law mentioned in Article 7, the members of the Executive Power will be elected in accordance with the Constitution. Immediately upon taking possession of his office, the President will sign the law ratifying the Executive Orders and the Convention, and the Military Forces of the United States will then leave the Dominican Republic.

HORACIO VASQUEZ
FED^{co} VELASQUEZ
E. BRACHE, Hijo ³¹
FRAN^{co} J. PEYNADO

839.00/2682c

The Chief of the Division of Latin American Affairs, Department of State (White) to the Appointed Commissioner in the Dominican Republic (Welles)

WASHINGTON, July 6, 1922.

DEAR SUMNER: Referring to my letters of June 30th ³² I enclose herewith a copy of the English and Spanish text of the agreement as

³¹ Elias Brache, representative of the Liberal party, arrived in Washington a few days after the other representatives had signed the plan and later affixed his signature in this position in the list.

³² Not printed.

actually signed by Messrs. Velasquez, Vasquez and Peynado on the third instant,³³ together with a copy of their reply to my letter of June 30th and my further reply of July 3rd.³⁴ This closes the correspondence so far and gives you a complete set of all documents and papers exchanged.

It is understood that the agreement is to be considered as confidential until your arrival in Santo Domingo and such time thereafter as you may consider advisable. The Dominicans, on their part, have asked that your going to Santo Domingo should not be published for a few days and as that coincided also with the Secretary's desire, no announcement as yet has been made, although the Secretary is perfectly willing that it should be announced as soon as the Dominicans are ready to have it done.³⁵

Your commission has been duly signed by the President and the Secretary. It appoints you Commissioner with the rank of Envoy Extraordinary and Minister Plenipotentiary

"to represent the President of the United States in the Dominican Republic for the purpose of investigating and reporting upon political conditions in the Dominican Republic, and for the purpose of ascertaining the views of the Dominican people with respect to an appropriate agreement with the United States, as a result of which the military forces of the United States may be withdrawn from the Dominican Republic."

I should state that Peynado and Velasquez were rather insistent that Article I of the Convention should state that "the Dominican Government hereby validates all the executive and departmental orders", etc., and not that "the Dominican Government hereby recognizes the validity of all the executive and departmental laws." . . . I refused to make the change in question and they signed the agreement as it stood. . . .

Sincerely yours,

FRANCIS WHITE

839.00/2541

*The Secretary of State to the Acting Secretary of the Navy
(Coontz)*

WASHINGTON, July 12, 1922.

SIR: The Department has received information that six or seven young Dominican residents, it is understood, of Santiago, Domin-

³³ English translation *supra*; Spanish text not printed.

³⁴ *Ante*, pp. 28, 31, 32.

³⁵ On July 11 the Department announced in a press release that a tentative plan of evacuation had been agreed upon with the Dominican leaders and that Mr. Welles had been appointed Commissioner to represent the President in the Dominican Republic. On July 12 the Dominican leaders (Velasquez, Vasquez, Brache, and Peynado) sailed for Santo Domingo. (File no. 839.00/2539a.)

ican Republic, who have been tried for publishing articles in the Dominican press attacking the application of the land law, have been sentenced during the past ten days by a Provost Court to pay a fine of \$3,000 each, or to imprisonment for five years. It appears that none of these Dominicans are in a position to pay the fine imposed and that they are consequently now in jail.

In view of the fact that negotiations have been conducted during the past few months in the Department of State with certain representative Dominican political leaders, as a result of which a provisional agreement has been reached, which, it is hoped, will meet with the support of a majority of the Dominican people, whereby the Government of the United States may be able to withdraw in the near future from the responsibilities which it has assumed in the Dominican Republic, it is believed to be peculiarly unfortunate that a sentence of this character should have been imposed at this time. Any action of this character taken at this juncture by the Military authorities, which will tend to incite public opinion against the American Occupation, will necessarily make the negotiations now in progress more difficult.

If the Navy Department has received advices which confirm the information received by the Department of State, I desire to request that instructions be addressed by cable to the Acting Military Governor of Santo Domingo to suspend at once the sentence imposed upon the Dominicans in question and to refrain, in the future, from taking official cognizance of purely political offenses of this character without the concurrence of the Department of State through its representatives in the Dominican Republic.

I have [etc.]

CHARLES E. HUGHES

839.00/2540

The Acting Secretary of the Navy (Coontz) to the Secretary of State

WASHINGTON, July 13, 1922.

SIR: I have the honor to acknowledge receipt of your letter of July 12th, relating to the recent trial and sentence of certain Dominicans. I enclose herewith copy of the dispatch forwarded to the Acting Military Governor today.⁸⁶

Rear Admiral S. S. Robison is returning to San Domingo at once with instructions to comply with the wishes of the State Department.

Respectfully,

R. E. COONTZ

⁸⁶ Not printed: it contained instructions to "suspend at once sentence imposed on Dominicans tried for inciting people to resist payment of land tax."

839.00/2561 : Telegram

*The Commissioner in the Dominican Republic (Welles) to the
Secretary of State*

SANTO DOMINGO, August 7, 1922—2 p.m.

[Received August 9—5:52 a.m.]

5. I returned last night with the American Minister from a tour which included visits to Bonao, Moca, La Vega, San Francisco de Macoris, Navarette, Puerto Plata, Monte Christi and Santiago. These towns with Santo Domingo are the only towns of importance in provinces which contain approximately 650,000 of the Republic's 900,000 inhabitants. In all of the cities mentioned I have spoken personally with from 25 to 50 of the leading citizens both those with party affiliations and independents asking them their opinion as to the sentiment of the people regarding the Department's plan. Moreover in every city crowds of from 2,000 to a few hundreds, varying in accordance with the number of inhabitants, met me to signify their general approval of the plan and asking in some cases through spokesmen that one or two of the provisions of the plan be clarified. I consequently felt it desirable in certain of my responses to the public addresses of welcome to make quite plain the Department's intentions in regard to such provisions namely that ratification of certain of the Executive and departmental orders issued by the Military Government did not imply that such orders must remain eternally immutable and the continued existence of the Military Government during the life of the Provisional Government did not mean that the latter would not in fact have all the necessary administrative powers to carry out freely without any control from the former, the purposes for which it was installed.

After the personal investigation which I have been enabled to effect in the cities above referred to and after a review of the authoritative information received regarding the localities which I have not visited my estimate of the situation is as follows:

1. At the present time the overwhelming majority of the Dominican people is in favor of the Department's program. The only cities where there is real opposition to it are Santo Domingo and Santiago. In both cases this opposition centers around extremist agitators who oppose the plan for the sake of prominence which such notoriety will give them. In no instance have these extremists at present any following.

2. The only political parties organized at present in the Republic are the Partido Nacional Restaurador headed by General Vasquez, the Partido Progresista headed by Señor Velasquez and the two wings of the old Jimenista party known as the Partido Liberal and the Partido Unionista headed respectively by Dr. Baez and Señor Enrique Jimenez. A very small percentage of the voters not definitely affiliated with one of these parties either supports the opposition assumed by Dr. Henriquez y Carvajal or supports Dr. Pey-

nado who has begun to create a considerable personal following. In country districts, the people are almost entirely illiterate and vote in accordance with instructions which they may receive from the local bosses who are without exception affiliated with one of the major parties. The four Dominicans therefore who signed the agreement in Washington represent without question the immense majority of the electoral vote in the Dominican Republic.

I have therefore to make the following recommendations:

1. That the committee to select the members of the Provisional Government be finally composed as follows: General Vasquez, representative of the Partido Nacional; Señor Velasquez, representative of the Partido Progresista; Señor Brache, representative of the Partido Liberal and of the Partido Unionista; Monseigneur Nouel, Archbishop of Santo Domingo, and as such bringing to bear in support of the plan the great influence of the church in this country as well as his own personal prestige; and Dr. Peynado, representative of the independent votes.

2. That I be authorized to publish officially and in a manner and at a time to be left to my discretion, the Department's program as signed in Washington.

I request this authorization because of the fact that while I believe it desirable to postpone publication of the plan until such time as the work of compiling the Executive and departmental orders and contracts requiring ratification had been completed in order that they might be published by number in the plan, I am advised by the Military Governor that very little of the work required has been completed and that anywhere from two weeks or a month's time may elapse before the task [*sic*]. The opponents of the plan are making much of the fact that its text has not been made public also that many important features have been concealed and it is possible that if publication is much longer delayed opposition may grow to a dangerous extent. If I ascertain this to be the case I desire authority to make the plan public before the compilation of the Executive orders, etc., is completed since the nature of such orders and contracts as require ratification is clearly set forth in the draft convention contained in the plan.

My recommendations are concurred in by the American Minister.

I beg to request approval by cable of these recommendations.

WELLES

839.00/2564 : Telegram

The Commissioner in the Dominican Republic (Welles) to the Secretary of State

SANTO DOMINGO, August 9, 1922—3 p.m.

[Received August 10—10:52 p.m.]

6. I have today received from Admiral Robison, Military Governor, two letters in which he advises me that he has informed the

Navy Department that the following changes should be made in the plan as signed in Washington. The major changes recommended are as follows:

1. The substitution for fourth sentence of article 2 of following: ["There should be no change in the personnel of these departments during the term of the Provisional Government except for duly proved cause satisfactory to the President of the Dominican Civil Service Commission (an American appointee of the Military Government) who himself cannot be removed without the consent of the Military Government".]

2. In addition to the three places of concentration for the American forces of occupation provided for in article 2, the addition of a supply base at Puerto Plata and the stationing of additional companies at two other points to be replaced by Dominican forces in the discretion of the Military Government.

3. Addition in article 2 of provision whereby Provisional Government must recognize rights of the Military Government to maintain United States military patrols wherever United States military forces may be stationed and the right of trial by its court of all cases arising between United States military forces and Dominican citizens and sojourners.

4. Now proposed [*New proposal?*] in article 2 whereby the Provisional Government promises to receive all Dominican political prisoners [and] agrees to subject them to Dominican laws now in force with reference to reduction of sentence and to grant no paroles without approval of the Military Government.

5. To change the last sentence of article 2 to the following: "From the date of the inauguration of the Provisional Government peace and order will be maintained by the Policia Nacional Dominicana except in the case of serious disturbances, which in the opinion of the Provisional President and the Military Governor, cannot be suppressed by the forces of the Policia Nacional Dominicana. From the date of the installation of the Provisional Government and until the completion of six months' training of the class of Dominican cadets commencing on or about August 15th, 1922, the Policia Nacional Dominicana will be officered by the present corps of Dominican officers supplemented by the necessary United States officers and will be under the command of the Military Governor who will make such disposition of the troops as is desired by the Provisional President and which the Provisional President may consider necessary to preserve peace and order. At the conclusion of the six months' training and not later than February 23rd, 1923, all commissions of United States Marine and United States Navy medical officers in the Policia Nacional Dominicana will be vacated, all connection with the Military Government of the Policia Nacional Dominicana will be severed and the command of the Policia Nacional Dominicana will be turned over to the command of the Provisional President."

6. Insertion between articles 2 and 3 of an additional article providing that all [administrative regulations?] and orders in force upon inauguration of Provisional Government shall continue in force during the term of that Government except that the Provi-

sional President will be empowered to promulgate legislation necessary to accomplish the purposes for which the Provisional Government is installed.

7. Addition of two articles at the end of the present plan "should the steps specified in the foregoing articles not have been taken and a duly constituted Dominican Government elected and ready to take office by March 1st, 1924, the United States Government will again assume control of the Dominican Government. The Provisional President and Ministers of the Provisional Government shall take the oath of office prescribed by the Constitution and shall take also oath to abide by the terms the present plan."

The Military Governor likewise states that provision should be made in the plan for continuation of the work on the east and west roads and that the Provisional Government should be required to limit the budget for the year 1923 to 90% of the best estimates of revenue.

With regard to these proposed amendments, I beg to lay before you the following considerations which I believe is [are] of vital importance at this time. The Dominican leaders who signed the agreement in Washington were officially and definitely informed on June 30th that the only changes which the Government of the United States reserved the right to make in the plan were such as might be deemed necessary to protect the rights of [third] persons not amply protected in the words of the present draft convention, it being specifically stated that any changes which might be made would be solely for the object above stated. The Dominican people throughout the Republic have been informed of this assurance by the Dominican leaders. Under the circumstances I believe the amendments to the plan proposed by the Military Governor would be regarded by the signers of the agreement and by the Dominican people generally as [a breach of faith] and will inevitably destroy all the work of the United States. I am confident that if I were instructed to insist upon any of these amendments to the plan negotiations would at once be terminated by the Dominican leaders.

If however I were to be instructed to discuss with the members of the committee the substance of amendments number 2, number 3, number 6, the first portion of number 4 and the latter portion of number 7, I am hopeful that they would consent to these requirements as the subject of an exchange of notes between them and the Department of State through its representatives here by which the members of the Provisional Government selected by them would likewise be bound. The other amendments proposed would I feel sure be accepted neither as insertions in the plan nor as the subject for an agreement of the nature above described. Amendment number 5 in particular would be regarded as the requirement in a

new guise of the military mission proposed in the plan published June 14th, 1921,³⁷ which was unanimously rejected by the Dominican people.

I hope therefore that representatives may be advised by cable without delay that the Department is unwilling to cancel the assurances given to the Dominican leaders that the provisions of the plan as signed in Washington would not be changed except for the one reason stipulated at that time and that the Navy Department may be requested to instruct the Military Governor that the plan as signed is final except in the one instance above noted and not open to further modification (except perhaps in phraseology with the consent of the Department of State and the Dominican leaders) and that the disposition of the Military Government must therefore be adapted to conform to the provisions of the plan as now constituted.

WELLES

839 00 2561 : Telegram

*The Secretary of State to the Minister in the Dominican Republic
(Russell)*

WASHINGTON, August 9, 1922—4 p.m.

17. For Welles. Your 5, August 7, 2 p.m.

1. Department approves your recommendation that Committee to select members of Provisional Government be composed as suggested by you.

2. You are authorized to publish officially in such manner, and at such time as you deem advisable, the Department's program as signed in Washington.

HUGHES

839.00/2565 : Telegram

*The Minister in the Dominican Republic (Russell) to the Secretary of
State*

SANTO DOMINGO, August 9, 1922—5 p.m.

[Received August 11—10:10 a.m.]

33. Referring to telegram of Welles number 6, August 9, 3 p.m. I am decidedly of the opinion that any variation in principle from the memorandum signed in Washington by the Dominican representatives would be most prejudicial and strengthen charges of insincerity and bad faith on our part. Minor and unimportant changes in phrase-

³⁷ See *Foreign Relations*, 1921, vol. 1, p. 835.

logy can doubtless be secured by discussion with the committee who re to elect Provisional Government as well as agreements in regard o other details of execution of the plan and status of our military 'orces and jurisdiction of provost courts.

RUSSELL

39.00/2564 : Telegram

The Secretary of State to the Commissioner in the Dominican Republic (Welles)

WASHINGTON, August 11, 1922—5 p.m.

1. Your 6, August 9, 3 p.m.

The position taken by you is fully approved. I have just informed Assistant Secretary of the Navy Roosevelt that you were appointed Commissioner by the President with full powers to carry on negotiations with the Dominican leaders, and that no changes are to be made n the plan except such as may be made by you, in your discretion, in onsultation with the Dominican leaders. Assistant Secretary Roosevelt stated that he had sent no instructions to Admiral Robison to nake any modifications in the plan, and that he will immediately instruct him that no changes are to be proposed save as you may see fit o suggest them in the course of your negotiations, that you have full uthority and that he should cooperate with you.

HUGHES

39.00/2566 : Telegram

The Commissioner in the Dominican Republic (Welles) to the Secretary of State

SANTO DOMINGO, August 12, 1922—2 p.m.

[Received August 14—2:30 p.m.³⁸]

8. My number 6, August 9, 3 p. m., and Department's August 11, 6 p. m. In a conference which I held this morning with the members of the Dominican Commission the following amendments to he plan as signed in Washington were unanimously agreed to, subject to the sanction of the Department of State.

1. Substitution for last sentence of article 1 the following: "At the same time the Military Government will announce that the Provisional Government will assume from the date of its installation administrative powers to carry out freely the aforesaid purposes and he said Provisional Government from that date will alone be responsible for its acts". (This amendment was probably agreed upon in order that the Military Government may not in the future have to assume any legal responsibility for any action taken particularly in

³⁸ Telegram in two sections.

connection with the expenditure of public funds by the Provisional Government).

2. Substitution for first sentence of article 2 of the following: "The selection of a Provisional President and Cabinet by majority vote of the members of a Commission composed of General Horacio Vasquez, Don Federico Velasquez, Don Elias Brache, Don Francisco Peynado and of Monseigneur Doctor Adolfo Nouel upon the inclusion of whom the four above named representatives have agreed".

3. Addition at the end of fifth sentence of article 2 of following phrase "whenever such assistance may be requested".

4. Inclusion at the end of article 4 of the following phrase "and the public functionaries whose election is prescribed in the laws regulating the organization of the provinces and communes."

5. Substitution for the word "evacuation" appearing in the first sentence of article 7 which is apparently an error copying, of word "ratification".

6. Substitution throughout the draft convention of the term "administrative regulation" in place of the second [*term?*] "departmental order". (The former term is the technical term which has been used by the Military Government).

7. Substitution in the third sentence of article [?] the draft convention for the word "promulgation" of the word "publication". (Under Dominican law, laws of the Republic do not enter into effect until the date of their publication *Official Gazette*.)

8. Insertion before the words "the Dominican Republic" at the conclusion of article 9 of the phrase "the territory of". All of these amendments acceptable as making the provisions of the plan more precise, the phraseology in two instances more pleasing to the Dominican people and in the first instance as defining clearly the responsibility of the Provisional Government. If I may be advised by cable that no objection is seen by the Department to these amendments the plan will then be considered in final form.

I discussed with the members of the Commission this morning the various matters referred to in the next to the last paragraph of my cable of August 9, 3 p. m. I found a very marked disposition on the part of all of the members to accept these requirements which I stated would form the subject of an agreement of the nature suggested in the paragraph of my cable above mentioned. I will have a definite reply from them regarding these requirements on August 14.

WELLES

839.00/2566 : Telegram

The Secretary of State to the Commissioner in the Dominican Republic (Welles)

WASHINGTON, August 14, 1922—1 p.m.

2. Department approves modifications in plan signed in Washington as stated in your No. 8, August 12, 2 p.m.

HUGHES

1,00/2569 : Telegram

*The Commissioner in the Dominican Republic (Welles) to the
Secretary of State*

SANTO DOMINGO, August 18, 1922—2 p.m.

[Received August 19—3:50 a.m.]

10. I had yesterday a conversation with Jacinto de Castro one of the most prominent lawyers of the Republic who has been conferring with the comparatively small but influential group of reputable Dominicans not in active politics who oppose the Department's program because of their belief that ratification of the proposed convention might imply recognition by the Dominican Republic of the right of the United States to intervene whenever it saw fit in the internal affairs of the Republic.

With my approval Señor de Castro read to the members of this group the text of the draft convention and he advises me that all these Dominicans will come out in favor of the plan and campaign for it if the third sentence of article 1 of the draft convention were to be replaced by the following: "The Dominican Government likewise agrees that these Executive orders, administrative regulations and contracts shall remain in full force and effect unless and until they are lawfully abrogated".

It appears to me that the proposed omission of the phrase "as if they had been laws of the Republic from the date of their publication" occurring in present draft would not impair in any way the strength of the guarantees which we require since the validity of the specified executive orders etc., is definitely recognized in the first sentence of article 1.

As I believe the appropriate time will arrive in the very near future to publish the plan officially I should be glad to receive your authorization to make this additional modification which of course meets with the approval of the members of the Commission.

To insure so far as may be possible the successful outcome of the plan with a promise of future stability in the Republic I beg to submit [that] it is highly desirable to obtain the support of so many of the able and influential men in the country as may be possible for our program. For the first time in the history of the Republic all the actual leaders of political parties are working in close cooperation and it has been my constant effort to obtain the support and assistance, as well, of all the independents of reputation and ability whose future opposition might prove dangerous to the program. It is for this reason that I have recommended modifications which may appear trivial but which for sentimental reasons will be regarded as of great importance in this country.

WELLES

839.00/2569 : Telegram

The Secretary of State to the Commissioner in the Dominican Republic (Welles)

WASHINGTON, August 21, 1922—4 p.m.

3. Your 10, August 18. 2 p.m.

You are authorized to make the modification in the third sentence of Article 1 of draft convention suggested by Señor de Castro.

HUGHES

839 00/2591

The Commissioner in the Dominican Republic (Welles) to the Acting Secretary of State

No. 13

SANTO DOMINGO, August 29, 1922.

[Received September 8.]

SIR: I have the honor to advise you that I have been able to effect an agreement between the members of the Dominican Commission and the Military Governor whereby instruction of Dominican officers and recruits will continue during the life of the Provisional Government under the sole jurisdiction of the Military Government. The agreement provides, in brief, that upon the installation of the Provisional Government, all American officers now holding commands in the Policia Nacional Dominicana will retire from that organization and will be supplanted by Dominican officers. Inasmuch as only about half of the number of commands required can be filled by Dominican officers who have had training under the Military Government, it will be necessary, upon the date of the installation of the Provisional Government, to fill the number of vacancies created by the retirement of American officers temporarily with Dominicans who have had military training and experience previous to the Intervention in 1916.³⁰ A sufficient number of Dominican cadets can, however, receive training under American instructors during the life of the Provisional Government to make it possible, at the completion of that time, to officer the Policia Nacional Dominicana entirely with Dominican officers who have received training under American instructors, and upon the inauguration of the Constitutional Government, the officers provisionally employed during the Provisional Government will be retired and their places taken by the officers who have completed their instruction under American auspices.

Inasmuch as I believed it to be of very great importance that the Dominican officer who would be Commander-in-Chief of the Policia

³⁰ See *Foreign Relations*, 1916, pp. 220 ff.

Nacional Dominicana upon the installation of the Provisional Government should have a thorough knowledge of the organization of the Police, its distribution, personnel, etc., I suggested to the members of the Commission that they select a Dominican officer without delay in order that the Military Governor might give him every facility for obtaining the necessary knowledge of the organization of the Policia Nacional Dominicana prior to the date of the installation of the Provisional Government. The members of the Commission accepted my suggestion and named General Buenaventura Cabral, present Governor of the Province of Azua. General Cabral has already come to the Capital and will be given every facility by the Military Government in order that he may acquire the necessary knowledge of the organization of the National Police forces. In order that he may have practical experience, before the Provisional Government is installed, he will probably be named Commander-in-Chief of the Policia Nacional Dominicana by the Military Governor when the Department's program is published. The appointment of General Cabral is, in my opinion, an excellent one, and since he has never been an active politician, and is not now affiliated with any political party, political influence will probably not be felt in the Policia Nacional Dominicana during the life of the Provisional Government.

The training camps where Dominican officers and recruits will receive their instruction under American supervision during the period of the Provisional Government, will be located in Santo Domingo City and in Santiago de los Caballeros.

I have [etc.]

SUMNER WELLES

839 51/2320 · Telegram

The Commissioner in the Dominican Republic (Welles) to the Acting Secretary of State

SANTO DOMINGO, August 29, 1922—10 a.m.

[Received August 30—2:28 a.m.]

11. I am advised that the General Receiver in Santo Domingo during the last three months of 1920 and the whole of 1921 retained for the expenses of the receivership from the customs revenues collected by him more than the 5 percent of the total customs collections authorized by article 1 of the convention of 1907. The convention provides that the amount retained from the customs revenues for the expenses of the receivership shall not exceed 5 percent of the total collections except "by agreement between the two governments." The General Receiver so far as I can ascertain never obtained the

formal approval of either the Military Government or the Government of the United States although his action was taken with the knowledge and I assume the tacit approval of both Governments. The necessity for such action arose from the fact that the customs revenues were reduced very materially in those years by the general economic crisis and [the] lower customs duties contained in the new tariff promulgated at that time by the Military Government.

While the expenses of the receivership during the current year 1922 are likewise greater than the 5 percent authorized, the necessary excess beyond that amount has been furnished by the Military Government from the general revenues of the Republic and provision has legally been made for such advances in the yearly budget.

The action of the General Receiver of Customs in 1920 and 1921 as an official under the jurisdiction of the Military Government must necessarily be validated in the proposed convention. I beg to recommend therefore that the American Minister here be instructed to advise the Military Governor that the Government of the United States approves the action of the General Receiver above referred to, but to make it plain however that no precedent is to be considered created thereby. Upon receipt of such approval the Military Governor will then issue an Executive order sanctioning the action taken and said Executive order will be included among the Executive orders listed in the proposed convention for ratification.

WELLES

839.51/2820 : Telegram

The Acting Secretary of State to the Minister in the Dominican Republic (Russell)

WASHINGTON, August 31, 1922—5 p.m.

19. Department understands that the General Receiver of Customs in Santo Domingo during the last three months of 1920 and the whole of 1921 retained for the necessary expenses of the receivership more than the 5 percent of the total customs collections authorized by Article 1 of the Convention of 1907. It appears that the formal approval of the Military Government or of the United States Government has not yet been given to his action. You will accordingly advise the Military Governor that the Government of the United States approves the action of the General Receiver above referred to, but it should be distinctly stated that in giving its consent to this action no precedent is to be considered created thereby.

PHILLIPS

839.00/2584 : Telegram

The Commissioner in the Dominican Republic (Welles) to the Acting Secretary of State

SANTO DOMINGO, September 2, 1922—9 a.m.

[Received September 3—11:05 [?] a.m.]

The work of completing the compilation of the Executive orders, etc., to be ratified in the proposed convention was completed to-day and the final list has been approved by the members of the Commission, the legal adviser to the Military Governor and myself. The members of the Commission request my agreement to the insertion in the proposed convention of three clarifying amendments to which the legal adviser to the Military Government and myself see no objection. These amendments are the following:

1. Addition at the end article I of the proposed convention of the following clause: "but controversies which may arise related with those rights acquired will be determined solely by the Dominican courts."

The intention of the Commission in suggesting this amendment is to avoid the possible construction of the preceding paragraph of the article above referred to in the sense that the Government of the United States would in the future have the power to determine, *et cetera*, of the rights which had been so acquired.

2. Omission of the final clause of article II which reads as follows: "and to the complete execution of the contracts with which the bonds were issued."

The members of the Commission request this amendment in order that the Dominican Government may later if it should so desire effect a modification of the contract under which the 1922 bond issue was floated with the bondholders without being obliged to obtain the agreement of the Government of the United States which would imply the consent of the United States Senate.⁴⁰

Inasmuch as the contract under which the loan was issued will be ratified by the proposed convention I see no reason why the amendment should not be accepted in view of the fact that no change in the contract can be made without the consent of the bondholders and if such consent should be forthcoming there would appear to be no reason why the Government of the United States should object.

3. Addition to article II of the proposed convention of the following provision: "with reference to the stipulation contained in article 10 of the Executive order in accordance with which the loan of 5 percent authorized in 1922 was issued which provides that, 'that the present customs tariff will not be changed during the life of this

⁴⁰ For correspondence concerning 1922 bond issue, see pp. 78 ff.

loan without previous agreement between the Dominican Government and the United States,' the two Governments concerned agree in interpreting this agreement of ^{40a} the sense that in accordance with article 3 of the convention of 1907 a previous agreement between the Dominican Government and the United States shall be necessary to modify the import duties, it being an indispensable condition for the modification of such duties that the Dominican Executive demonstrate and that the President of the United States recognize that on the basis of exportations and importations to the like amount and the like character during the two years preceding that in which it is desired to make such modifications, the total net customs receipts would at such altered rates of duties have been for each of such two years in excess of the sum of \$2,000,000 United States gold.]"]

I do not consider this amendment necessary in view of the wording of article 9 of the Executive order above referred to, which clearly indicates that the previous agreement to modify the import duties must be in accordance with the convention of 1907. However, in view of the fact that the members of the Commission feel that the wording of article 10 of said Executive order may give rise to misinterpretation I have raised no objection to the amendment proposed. The desire of the members of the Commission is to make it clearly evident to the public that no restrictions are imposed by the United States in the proposed convention with which the people here are familiar and to which they raise no objection.

I have advised the members of the Commission that I would accept no more amendments or modifications to the proposed convention as it now stands once I received the agreement of the Department to the amendments above quoted and they have formally stated that they have no amendments or modifications to offer.

The acceptance of the amendments above quoted will enable the political leaders on the Commission to avoid dissension within their respective followings which recently has been threatening and is eminently desirable at this particular time for that reason. I hope therefore that the Department will advise me by cable at the earliest opportunity that no objection is perceived to these final amendments to the proposed convention.

WELLES

839 00/2581: Telegram

The Acting Secretary of State to the Commissioner in the Dominican Republic (Welles)

WASHINGTON, September 7, 1922—5 p.m.

4. Your September 2, 9 A. M.

The Department perceives no objection to proposed changes 2 and 3 except that portion of change 3 after sub-quotation should read

^{40a} Evidently garbled; see Department's reply *infra*.

"the two Governments concerned agree in interpreting this stipulation in the sense that in accordance with article 3 of the convention of 1907 et cetera". With regard to proposed change 1, however, the Department would feel it necessary to insist upon the following reservation, to be added as final phrase of article:

"Subject, however, to the right of diplomatic intervention in appropriate cases and in accordance with the generally accepted rules and principles of international law".

PHILLIPS

839.00/2592 : Telegram

The Commissioner in the Dominican Republic (Welles) to the Acting Secretary of State

SANTO DOMINGO, September 12, 1922—9 a.m.

[Received 2:44 p.m.]

17. Department's September 7, 5 p. m. The members of the Commission propose the following substitute for the reservation contained in the Department's telegram above referred to, to be added at the end of article I of the convention:

"subject, however, in accordance with the generally accepted rules and principles of international law, to the right of diplomatic intervention if those courts should be responsible for cases of notorious injustice or denial of justice; the determination of such cases, should the two Governments disagree, to be effected by arbitration."

It is the intention of the members of the Commission in stipulating the right of the Dominican Government to resort to arbitration in the event of a possible disagreement between the two Governments, to assure the Dominican people that diplomatic intervention by the United States will not result in armed demonstrations as has so often resulted here from diplomatic intervention by European nations.

The members of the Commission appreciate the necessity of including the reservation proposed by the Department in article I. The substitute has been offered as a means of assuring the rights of arbitration and in order, also, that the Department's reservation may not be worded in a manner which would give the opponents of the plan a pretext which they might use as a means of strengthening popular opposition. I trust that this substitute may be approved.

Publication of the plan now depends solely upon the Department's cable instructing me whether this proposed substitute is acceptable.

WELLES

839.00/2592 : Telegram

The Acting Secretary of State to the Commissioner in the Dominican Republic (Welles)

WASHINGTON, September 14, 1922—6 p.m.

5. Your 17, September 12, 9 a.m.

Department approves of the substitute provision provided last clause "the determination of such cases, should the two Governments disagree, to be effected by arbitration" shall be modified to read as follows

"the determination of such cases in which the interests of the United States and the Dominican Republic only are concerned shall, should the two Governments disagree, be effected by arbitration. In each individual case the high contracting parties, before appealing to arbitration, shall conclude a special agreement defining clearly the matter in dispute, the scope of the powers of the arbitrators, and the periods to be fixed for the formation of the Arbitral Tribunal and the several stages of the procedure. It is understood that on the part of the United States such special agreements will be made by the President of the United States, by and with the advice and consent of the Senate thereof, and on the part of the Dominican Republic shall be subject to the procedure required by the Constitution and laws thereof."

These changes are deemed necessary for the following reasons:

1. Not unnaturally foreign governments look to the United States for the protection of their interests in the Dominican Republic and the draft convention of June 30, was designed to protect the rights of all persons acquired under the Military Government. However, the United States cannot, of course, attempt to bind other nations to an agreement for arbitration, and it should, therefore, be clearly stated that the provision on this point applies only to the United States.

2. The stipulation regarding the submission of each individual case to the Senate is in order to facilitate favorable action upon the agreement by that body. It has been the experience of the Department in recent years that arbitration conventions without such stipulation have met with opposition in the Senate, and the Department desires to avoid the situation which would arise should the Island be evacuated and the Treaty then confront obstacles in the United States Senate.

PHILLIPS

839.00/2597 : Telegram

The Commissioner in the Dominican Republic (Welles) to the Acting Secretary of State

SANTO DOMINGO, September 19, 1922—11 a.m.

[Received 2:18 p.m.]

18. The final version of the plan, containing the modification conveyed in the Department's September 14, 4 [6] p.m. and a complete

list of all the Executive orders, etc., was signed by the members of the Commission yesterday. It is my intention to have copies of the official Spanish version appear simultaneously in all the newspapers throughout the Republic. Owing to the delay in the mails, this publication will be deferred till Saturday, September 23rd.

I beg to request that the Department defer publication of the plan in the United States until the copies of the Spanish and English text of the plan as signed here, which I am forwarding by the next mail, be received.

WELLES

839.00/2598 : Telegram

*The Commissioner in the Dominican Republic (Welles) to the
Acting Secretary of State*

SANTO DOMINGO, September 20, 1922—5 p.m.

[Received September 20—3:48 p.m.]

19. Admiral Robison is in accord neither with the plan nor with the military dispositions rendered necessary by the carrying out thereof. However in a conference held with him yesterday I handed him a copy of the letter in which the members of the Commission formally confirmed their request that instruction of Policia officers and recruits continue under the sole jurisdiction of the Military Government during the life of the Provisional Government. He advised me that this arrangement was satisfactory to him and stated that the arrangement made for commanding and officering the Policia Nacional Dominicana during the Provisional Government appeared to him to be as satisfactory as possible under the terms of the plan. The Department should understand that Admiral Robison has been kept by me in closest touch with all developments in my conferences with the members of the Commission bearing upon matters affecting the interests of the Military Government and that the plan was signed only after all the military conditions demanded by the Admiral, not in entire conflict with the provisions of the plan, had been formally agreed to in a series of letters addressed to me by the members of the Commission.

WELLES

839.00/2611

*The Commissioner in the Dominican Republic (Welles) to the Acting
Secretary of State*

No. 19

[SANTO DOMINGO,] September 21, 1922.

[Received October 4.]

SIR: I have the honor to transmit herewith a copy of the Spanish version of the plan as signed by the five members of the Dominican

Commission on September 18, last, as well as a copy of the same in English. I transmit, likewise, for the Department's information, a copy of the Manifesto⁴² containing the plan addressed by the members of the Commission to the Dominican people. The Department will note that there are several minor verbal changes, as well as several changes of punctuation, made in the original text which I have not reported to the Department by cable in view of the fact that I considered myself authorized to accept such changes when they were merely for the purpose of clarifying the intention contained in the several provisions of the plan. I requested the Department in my cable of September 19, 11 a. m., to defer publication of the plan in the United States until the receipt of these authoritative copies in order that I might be certain that the plan as published in the United States would contain no variations from the text of the plan as published here, since such an occurrence, while of no intrinsic importance, would probably give rise to unfounded apprehension here.

I have arranged to have copies of the official version of the plan sent by airplane to all of the newspapers published throughout the Republic in order that publication of the plan might be simultaneous in all the cities where newspapers exist. Publication, as already reported to the Department, will take place on Saturday, September 23.

While it is probable that the opponents of the plan, who have refrained from giving their views publicity during the last few weeks, will make public protest against acceptance of the plan, immediately after its publication, I am however convinced, from every source of information which I have been enabled to obtain, that the sentiment throughout the country is far more strongly in favor of the acceptance of the plan than it was even two weeks ago.

I have [etc.]

SUMNER WELLES

[Inclosure]

*Memorandum of the Plan of June 30, 1922, for the Withdrawal of the Military Government, as Amended and Signed at Santo Domingo, September 18, 1922*⁴³

1. Announcement by the Military Government that a Provisional Government will be set up for the purpose of promulgating legislation to regulate the holding of elections, and to provide for the reor-

⁴² Not printed.

⁴³ In Spanish and English; Spanish not printed. The signatures have been supplied from another text of the plan received from Mr. Welles at a later date (file no. 839.00/2683).

ganization of the provincial and municipal governments, and to enable the Dominican people to make such amendments to the Constitution as they may deem appropriate and hold general elections without the intervention of the Military Government. At the same time, the Military Government will announce that the Provisional Government will assume from the date of its installation, administrative powers to carry out freely the aforesaid purposes; and the said Provisional Government, from that date, will alone be responsible for its acts.

2. The selection of a Provisional President and Cabinet by majority vote of the members of a Commission composed of General Horacio Vasquez, Don Federico Velasquez, Don Elias Brache, Don Francisco Peynado, and of Monseñor Dr. Adolfo Nouel, upon the inclusion of whom the four above named representatives have agreed. The Commission, in determining upon the members of the Provisional Government, will determine the conditions placed upon the exercise of that Government and the said Commission, by a majority vote, will fill the vacancies that may occur in that Government on account of death, resignation, or disability, of any of its members. Upon the inauguration of the Provisional Government, the Executive Departments of the Dominican Republic shall be turned over to the members of the Cabinet thus designated. There shall be no change in the personnel of these Departments, except for duly proved cause; the judges and other officials of the Judiciary cannot be removed except for the same reason. Officials in charge of the Executive Departments of the Military Government will lend their assistance to the respective Secretaries of State of the Provisional Government whenever such assistance may be requested. There shall be no payment made by the Department of Finance except in accordance with the budget in force, nor will any payment be made otherwise than as customary. Any necessary item of expenditure not provided for in the budget will be appropriated by the Provisional Government in accord with the Military Governor. Immediately upon the installation of the Provisional Government, the Military Government will deliver to that Government the National Palace, and, at the same time, the Military Forces of the United States in the Dominican Republic will be concentrated at one, two, or three places, as may be determined by the Military Governor. From that date, peace and order will be maintained by the Dominican National Police under the Orders of the Provisional Government, except in the case of serious disturbances, which in the opinion of the Provisional Government and of the Military Governor, cannot be suppressed by the Forces of the Dominican Police.

3. The Provisional President will promulgate the legislation above referred to concerning the holding of elections and the reorganization of the Government of the Provinces and Communes.

4. The Provisional President will convene the Primary Assemblies in accordance with the provisions of the new election law and those Assemblies will elect the electors as provided by Article 84 of the present Constitution and the public functionaries whose election is prescribed in the laws regulating the organization of the Provinces and Communes.

5. The Electoral Colleges so elected by the Primary Assemblies will elect the members of the Senate and of the Chamber of Deputies and will prepare the lists of the members of the Judiciary to be submitted to the National Senate.

6. The Congress will vote the necessary amendments to the Constitution and will issue the call for the election of the Constituent Assembly, to which the proposed amendments will be submitted.

7. The Provisional President will designate plenipotentiaries to negotiate a Convention of Ratification reading as follows:

I. The Dominican Government hereby recognizes the validity of all the Executive Orders, promulgated by the Military Government and published in the *Official Gazette*, which may have levied taxes, authorized expenditures, or established rights on behalf of third persons, and the administrative regulations issued, and contracts which may have been entered into, in accordance with those Orders or with any law of the Republic. These Orders, administrative regulations and contracts are those listed below:

[Here follows a list of Executive orders, departmental resolutions, municipal resolutions, water contracts, etc.]

The Dominican Government likewise agrees that those Executive Orders, those resolutions, those administrative regulations, and those contracts shall remain in full force and effect unless and until they are abrogated by those bodies which, in accordance with the Dominican Constitution, can legislate. But, this ratification, in so far as concerns those of the above mentioned Executive Orders, resolutions, administrative regulations, and contracts, which have been modified or abrogated by other Executive Orders, resolutions, or administrative regulations of the Military Government, only refers to the legal effects which they created while they were in force.

The Dominican Government further agrees that neither the subsequent abrogation of those Executive Orders, resolutions, administrative regulations, or contracts, or any other law, Executive Order, or other official act of the Dominican Government, shall affect the validity or security of rights acquired in accordance with those orders, those resolutions, those administrative regulations and those contracts of the Military Government; the controversies which may arise related with those rights acquired will be determined solely by the Dominican Courts, subject, however, in accordance with the generally accepted rules and principles of international law, to the right of diplomatic intervention if those courts should be responsible for cases of notorious injustice or denial of justice. The determination of such cases in which the interests of the United States and

the Dominican Republic only are concerned shall, should the two Governments disagree, be by arbitration. In the carrying out of this agreement, in each individual case, the High Contracting Parties, once the necessity of arbitration is determined, shall conclude a special agreement defining clearly the scope of the dispute, the scope of the powers of the arbitrators, and the periods to be fixed for the formation of the arbitral tribunal and the several stages of the procedure. It is understood that on the part of the United States, such special agreements will be made by the President of the United States, by and with the advice and consent of the Senate thereto, and on the part of the Dominican Republic shall be subject to the procedure required by the Constitution and laws thereof.

II. The Dominican Government, in accordance with the Provisions of Article I, specifically recognizes the bond issue of 1918 and the twenty-year five and one-half percent Customs Administration Sinking Fund Gold Bond Issue authorized in 1922, as legal, binding, and irrevocable obligations of the Republic, and pledges its full faith and credit to the maintenance of the service of those bond issues. With reference to the stipulation contained in Article 10 of the Executive Order No. 735,⁴⁴ in accordance with which the loan of five and one-half percent authorized in 1922 was issued, which provides:—

‘that the present customs tariff will not be changed during the life of this loan without previous agreement between the Dominican Government and the Government of the United States;’

the two Governments concerned agree in interpreting this stipulation in the sense that, in accordance with Article 3 of the Convention of 1907, a previous agreement between the Dominican Government and the United States shall be necessary to modify the import duties, it being an indispensable condition before the modification of such duties that the Dominican Executive demonstrate and that the President of the United States recognize, that on the basis of exportations and importations to the like amount and the like character during the two years preceding that in which it is desired to make such modification, the total net customs receipts would at such altered rates of duties have been, for each of such two years, in excess of the sum of \$2,000,000 United States gold.

III. The Dominican Government and the Government of the United States agree that the Convention signed on February 8, 1907, between the United States and the Dominican Republic, shall remain in force so long as any bonds of the issues of 1918 and 1922 shall remain unpaid, and that the duties of the General Receiver of Dominican Customs appointed in accordance with that Convention shall be extended to include the application of the revenues pledged for the service of those bond issues in accordance with the terms of the Executive Orders and of the contracts under which the bonds were issued.

IV. This arrangement shall take effect after its approval by the Senate of the United States and the Congress of the Dominican Republic.

⁴⁴ For text of Executive order, see p. 85.

This Convention will be referred to the Congress for its approval. The Congress will, in addition, pass the law recognizing independently of the Convention of Ratification the validity of the Executive Orders referred to in the said Convention.

8. The members of the Judicial Power will be elected in accordance with the Constitution.

9. After all the steps specified in the foregoing articles have been taken and after the Convention mentioned in Article 7 has been approved and the law referred to in the same article has gone into effect, the members of the Executive Power will be elected in accordance with the Constitution. Immediately upon taking possession of his office, the President will sign the law ratifying the Executive Orders and the Convention, and the Military Forces of the United States will thereupon leave the territory of the Dominican Republic.

ADOLFO A. BIZPO DE STO DOMINGO

FED^{co} VELASQUEZ

HORACIO VASQUEZ

FRAN^{co} J. PEYNADO

E. BRACHE, Hijo

SUMNER WELLES, *American Commissioner*

WILLIAM W. RUSSELL, *American Minister*

839.00/2600 : Telegram

The Commissioner in the Dominican Republic (Welles) to the Acting Secretary of State

SANTO DOMINGO, *September 21, 1922—10 a.m.*

[Received 5:45 p.m.]

20. Article 4 of the proposed convention contained in the plan provides that the convention will take effect after its approval by the United States Senate and by the Dominican Congress. This article has given rise to the suspicion here in some quarters that even if the Dominican Congress and President ratify the convention, should the United States Senate then fail to approve it, the Department would necessarily be forced to abandon the policy of evacuation and the terms of the plan would consequently not be complied with by the United States Government.

I should be glad to have the Department confirm by cable my understanding that its policy of evacuation will not be changed provided the Provisional Government and the Dominican people carry out their obligations as set forth in the present plan; and that since the plan provides for the passage by the Dominican Congress of a law ratifying the acts of the Military Government, in addition to the negotiation of the convention above referred to, and signify

that since the withdrawal of the American forces is a matter to be determined by the President of the United States alone, the present policy of the United States Executive will remain unchanged, even in the improbable event that the United States Senate refused to ratify the proposed convention.

WELLES

839.00/2600 : Telegram

The Secretary of State to the Commissioner in the Dominican Republic (Welles)

WASHINGTON, September 25, 1922—5 p.m.

8. Your 20, September 21, 10 a.m.

Your understanding of the Department's policy of evacuation is correct. It is the intention of the Department to withdraw the American forces from Santo Domingo as soon as the provisions of the Plan, signed by the political leaders, have been complied with by the Constitutional Dominican Government and the conditions in the Republic so warrant.

HUGHES

839.00/2605 : Telegram

The Commissioner in the Dominican Republic (Welles) to the Secretary of State

SANTO DOMINGO, September 26, 1922—9 a. m.

[Received September 27—1: 51 a.m.]

21. I am informed by Admiral Robison that he has requested instructions from the Navy Department as to the wording of the proclamation, referred to in the first article of the plan, to be issued by him announcing that a Provisional Government will be installed and the date upon which said installation will take effect. It is my belief that the Admiral's proclamation should contain an official announcement of the entire plan of evacuation as already published; that it should further specify the exact date upon which the Provisional Government is to be installed; and in addition, contain an announcement of certain details relating to the installation of the Provisional Government such as the nature of the oath of office to be taken by the members of the Provisional Government and the manner in which such oath of office is to be administered. In order that the Admiral's proclamation may contain these essential features, with which the Navy Department is necessarily not familiar, I beg to recommend that the Navy Department be requested to instruct Admiral Robison to

confer with me in regard to the wording of this proclamation, and that once an agreement has been reached, the approval of the Department of State and the Navy Department to the proposed wording be obtained by cable.

WELLES

839.00/2618

The Commissioner in the Dominican Republic (Welles) to the Secretary of State

No. 22

SANTO DOMINGO, September 26, 1922.

[Received October 10.]

SIR: I have the honor to transmit herewith a copy of the conditions placed upon the exercise of the Provisional Government formulated by the members of the Commission in accordance with the stipulations contained in Article 2 of the plan of evacuation. The provisions contained in the copy now forwarded to the Department were only agreed to by the members of the Commission after very considerable discussion. The members of the Commission finally agreed to accept the recommendations which I made to them including the recommendation that the Provisional President be granted authority to dismiss the members of his Cabinet, a right which I believed necessary. The conditions as now agreed upon are, in my opinion, satisfactory.

I have [etc.]

SUMNER WELLES

[Enclosure]

Conditions for the Functioning of the Provisional Government

In accordance with article 1 [*sic*] of the Plan of Evacuation signed in Washington on June 30th 1922, the undersigned Commission had designated:

..... For Provisional President of the Republic
and for Secretary of State of the Interior
and Police, in charge of the War and Navy Portfolio.

Furthermore, this Commission has delivered to the said President three lists, containing six names each, selected from a greater number of persons proposed to the Commission by the representatives on the Commission of the National, Progressive and Liberal Parties in order that he may select the names of two persons from each list to hold the offices of the other Secretariats of State.

In accordance also with the above mentioned Plan, the undersigned Commission establishes the following rules and conditions under which the Provisional Government shall function:

First: The Provisional Government shall function until 12:00 o'clock noon of the 16th day of August 1923, but it shall cease to function before then should it accomplish its duties prior to the date above mentioned. The Commission reserves the right to extend the term of the Provisional Government should it deem it necessary. For any of the reasons established in the Plan or in these conditions, one, several or all of its members can be replaced by this Commission.

Second: Upon accepting their respective offices, the President and the other members of the Provisional Government contract, with the Dominican people and the undersigned Commission—by virtue of the supreme wish that the American Military Forces of Occupation be withdrawn from the territory of the Republic, in the manner agreed to by the United States Government—the following obligations:

A) Not to be candidates nor to permit their names to be inscribed as candidates—in the coming general elections—for the Constitutional Presidency, nor for the Vice-Presidency, should this office be created, not even in the event they should previously resign or cease to hold their respective offices.

B) Not to use their respective official positions to bring pressure to bear in favor of or against any party or candidate.

C) To dictate, as the first government measure, a Decree that will maintain in force the Executive Orders and Resolutions, the Administrative Regulations and the Contracts of the Military Government, not abrogated by the Military Government itself, until the co-legislating Powers decide upon their validation.

D) To promulgate and publish the Electoral Law, the Law of the Organization of Provinces and the Law of Communal Organization prepared by the Commission, not more than 15 days after the projects have been delivered by the Commission; to convoke the Primary Assemblies within the period assigned by the referred to Electoral Law; to promulgate and publish immediately after it has been voted by Congress, the Law that calls for the Constitutional reforms; and to publish the Constitutional reforms as soon as they have been voted by the Constituting Assemblies.

E) To recommend to the National Congress the following Constitutional reforms:

1. Reduction of the presidential term to four years.
2. Creation of the Vice-Presidency.
3. Prohibition of the immediate reelection of the President.
4. Compulsion of Senators and Deputies to maintain a quorum in their respective chambers.

And the other reforms which may originate from their own initiative and from the suggestions of the Commission.

Third: In case the Provisional Government should fail in the fulfillment of the stipulations contained in Condition No. 2, the Commission will consider it resigned and will proceed by a majority composed of all of the members of the Commission save one, to the substitution of said Government. For such matters, all of the members

of the Commission shall be present or be duly summoned. The summons to the representatives of the political parties shall be served to them directly and to the Executive Board of their respective parties.

Fourth: Matters relative to the ordinary service of the administration shall be decided by the Provisional President with the advice of the Secretary of the corresponding Branch. The other matters shall be decided by majority vote of the Cabinet, and the President, at which a majority of the Secretaries of State must be present. The President shall have the right to remove any of the Secretaries of State, but it shall be his duty to advise the Commission of his decision in order that the said Commission may immediately provide the designation of the successor, furnishing him a list of at least three persons so that the President may select one. Should the removed Secretary belong to any of the political parties, said list shall be composed by the Commission out of persons selected by it from the list submitted by the representatives of the party to which the removed Secretary may belong.

Fifth: The Provisional President and the members of his Cabinet shall, in order to assume charge of their offices, take oath to:

Execute the Plan of Evacuation entered into on June 30th 1922; adjust their acts to the present rules and conditions so long as the said rules and conditions are not unanimously modified by this Commission, as well as to the other decisions reached by this Commission, unanimously in the case indicated in the lone paragraph of Clause Three of these same rules and conditions, and by a majority composed of all the members of the Commission save one in the other cases; to strive for the reestablishment of constitutional government; and to comply with and enforce the laws of the Republic.

Given in Santo Domingo this day of September 1922.

839 00/2607 : Telegram

*The Commissioner in the Dominican Republic (Welles) to the
Secretary of State*

SANTO DOMINGO, September 30, 1922—4 p.m.

[Received October 1—10:35 p.m.]

24. The members of the Commission will commence the task of selecting the members of the Provisional Government on October 2nd. This duty devolving upon them under the provisions of article 2 of the plan of evacuation has been postponed until I was satisfied that certain matters causing friction between the members of the Commis-

sion had been satisfactorily adjusted, in view of my belief that the three political parties must be completely satisfied with the composition of the Commission and with the regulations governing its functioning during the life of the Provisional Government if the plan of evacuation is to prove a success. The principal question to which I refer has been the impression gaining in strength throughout the country during the last two weeks that Doctor Peynado was ambitious to be elected to the next constitutional Presidency and that he either had agreed or would agree to become the presidential candidate of the Liberal Party in the next elections. Since such agreement on his part would cause the Liberal Party to have two votes in the Commission whereas the other political parties would have only one vote each, I informed the members of the Commission at a general meeting yesterday that this matter must be definitely settled before the execution of the plan could be so commenced. The matter has been satisfactorily settled I believe by a written statement on the part of Doctor Peynado to the effect that:

1. He has no understanding, formal or informal, with any political party.
2. That he has at the same time no desire to obtain the constitutional Presidency in 1923, and
3. That in the event that he should later determine to announce his candidacy for the Presidency he will first resign from the Commission. This definite statement by Doctor Peynado has satisfied the other members of the Commission.

Since all other obstacles which I can now foresee to the proper functioning of the Commission after the installation of the Provisional Government have likewise been removed the members of the Commission can well proceed with the selection of the members of the Provisional Government. As soon as I receive a reply from the Department to my telegram of September 26, 9 a.m. the wording of the proclamation can be determined and the date of the installation of the Provisional Government can be settled. I assume that the Department shares my opinion that since the requirements of the Military Government concerning the security and rights of the American forces during the continuance of the occupation have been accepted by the Commission and since any delay in the installation of the Provisional Government may give rise to factional disputes and political maneuvers which would create an unfortunate effect at this time, the Provisional Government should be installed at the earliest possible opportunity.

WELLES

839.00/2609 : Telegram

*The Commissioner in the Dominican Republic (Welles) to the
Secretary of State*

SANTO DOMINGO, October 2, 1922—2 a.m.

[Received 11:55 p.m.]

25. The members of the Commission have accepted, by a formal exchange of letters with me, all requirements concerning the forces of occupation requested by Admiral Robison not in direct violation of the plan of evacuation. Moreover they have agreed to certain arrangements not covered by the provisions of the plan since they believed in my assurance that the acceptance of these requirements would tend to insure the tranquility of the Republic during the life of the Provisional Government. They have shown, in my opinion, at all times a sincere desire to meet the requests which I have made although they have expressed regret that certain of the requirements demanded by Admiral Robison tended to, in their opinion, impair unnecessarily the prestige of the Provisional Government.

In agreeing to the requirements demanded by Admiral Robison regarding the right of the forces of occupation to maintain marine patrols of the three cities where the points of concentration are located and the right of American marines on liberty to visit freely all parts of these three cities, the members of the Commission requested that marines on liberty (not those performing their ordinary duties) by a confidential order from the proper authorities, be prevented from leaving their home camps to visit these cities on the day or days when elections were to be held during those hours when the elections were actually taking place. This request was made for two reasons:

1. Since the plan specifies that elections are to be held without the intervention of the American military authorities, the impression would probably be created if American marines are present in any number in these cities (which are the most important in the Republic) during election hours, and are at or near the polling booths, that the Military Government was observing the conduct of the elections and that this fact would influence the result thereof and would detract from the strength of the Provisional Government;

2. That since the said cities would be filled on election days with people from the surrounding districts and as a state of unusual excitement would probably prevail, friction between the American marines and the Dominicans would be far more probable than at any other time.

The request of the members of the Commission appears to me to be reasonable.

When I referred this request orally to Admiral Robison, he advised me that under no circumstances whatever would he agree to it. The

only argument he advanced to support his refusal was the fact that "the request evidenced a dislike on the part of the members of the Commission for the forces of occupation" and that the acceptance of the request would be a confession by the United States that the marines, if present at elections, would be guilty of wrongdoing.

I have received subsequently a letter from Admiral Robison in which he stated that "all intimations on the part of the Commission, or any other responsible or irresponsible persons, that our physical presence anywhere embarrasses now or will embarrass them in the conduct of their government, have no real foundation and show a desire on their part not to meet us in our efforts to maintain good relations." In my opinion, the purpose of the request of the members of the Commission is exactly the reverse of that stated by the Admiral and is due solely to their desire to prevent any occurrences which might create ill feeling and retard the reestablishment of good relations. The Admiral adds that he has modified his original categorical refusal to an order [for] marines on liberty on election days to keep away from polling booths and to order the marines to their quarters on such days if he himself should later deem it advisable.

Since the arrangement proposed by Admiral Robison is not satisfactory to me, I am forced to submit this matter for your consideration, with the hope that you may share my views. I am persuaded that the request of the members of the Commission is one to which our Government can agree, since the desired concession appears to me to be in our own interests and will undoubtedly, as well, strengthen the prestige of the Provisional Government and make more probable the complete success of the plan of evacuation.

WELLES

839.51/2328

*The Commissioner in the Dominican Republic (Welles) to the
Secretary of State*

No. 23

SANTO DOMINGO, October 2, 1922.

[Received October 13.]

SIR: I have the honor to transmit herewith a copy of a letter addressed to me by Admiral Robison under date of September 25, as well as a copy of my reply thereto under date of September 30. The audit of the accounts of the Guaranty Trust Company of New York, as Fiscal Agent of the Dominican Republic for the \$20,000,000 Customs Administration 5% Sinking Fund Gold Bond Issue of 1908, is undoubtedly desirable, but I believe that the Department will coincide with the view which I have expressed to the Military Governor that the appointment of an officer of the United States

Navy as a "Special Agent of the Dominican Republic", at the time the Provisional Dominican Government is installed, would be in accord neither with the spirit nor the letter of the Plan of Evacuation, and that the appointment of this Agent should be made by the Provisional Government.⁴⁵

I have [etc.]

SUMNER WELLES

[Enclosure 1]

The Military Governor of Santo Domingo (Robison) to the American Commissioner in the Dominican Republic (Welles)

SANTO DOMINGO, September 25, 1922.

MY DEAR MR. WELLES: I have had under consideration for some time an audit of the accounts of the Guaranty Trust Company of New York, as Fiscal Agent of the Dominican Republic for the \$20,000,000 Customs Administration 5% Sinking Fund Gold Bond Issue of 1908. An audit of the Company's accounts is contemplated in the Fiscal Agency Agreement of January 27, 1908, in accordance with the following quotation therefrom:

"The Republic shall have the right at any time to examine and audit the books and accounts of the Fiscal Agent of the Loan in connection with its acts as the Fiscal Agent of the Loan."

No such audit has been made.

There is now in dispute between the Military Government and the Guaranty Trust Company an item of \$50,728.69 presented by the Guaranty Trust Company to the Dominican Government, due mainly for payment as loss on exchange.

The question of an audit has been discussed informally with the Bureau of Insular Affairs of the War Department and with the Company. The cost of an audit has been investigated and it has been found that a certified public accountant and assistant would cost approximately \$50.00 per day, plus typing and incidental expenses, and an uncertain length of time would elapse before an audit, such as I believe to be necessary, could be made; the total cost of audit if made by a commercial firm is variously estimated from five to ten thousand dollars.

I am of the opinion that it is in the best interests of the Dominican Government and of the United States Government that an audit, practically as of the date of the inauguration of the Provisional Government, be undertaken; and I propose to appoint Lieutenant Commander D. W. Rose (Supply Corps) U. S. Navy, now Secretary of

⁴⁵ On Oct. 19 the Secretary replied that he concurred with the Commissioner's views.

Hacienda and Comercio, to make an audit in accordance with the terms of an appointment, a copy of which I am enclosing.⁴⁶ Lieutenant Commander Rose is thoroughly familiar with the terms of the Agreement and the transactions which have taken place under it, and, under the directions contained in his appointment, the Dominican Republic will secure an accurate, an informing, and a complete audit at the least possible expense. Tentative arrangements have been made to secure the advice and cooperation of federal bank examiners as required in connection with this work.

I hope that this procedure will meet with the approval of the Junta, and as soon as I am informed in the matter I shall take appropriate action.

Very sincerely,

S. S. ROBISON

[Enclosure 2]

*The American Commissioner in the Dominican Republic (Welles)
to the Military Governor of Santo Domingo (Robison)*

SANTO DOMINGO, September 30, 1922.

MY DEAR ADMIRAL ROBISON: I beg to acknowledge the receipt of your letter of September 25, referring to the desirability of undertaking an audit of the accounts of the Guaranty Trust Company of New York as Fiscal Agent of the Dominican Republic for the \$20,000,000 Customs Administration 5% Sinking Fund Gold Bond Issue of 1908. You state that you are of the opinion that it is in the best interests of the Dominican Government and of the Government of the United States that an audit, practically as of the date of the inauguration of the Provisional Government, be undertaken and that you therefore propose to appoint Lieutenant Commander D. W. Rose, U. S. N., now charged with the Ministry of Hacienda y Comercio of the Dominican Republic, to make an audit in accordance with the terms of an appointment, a copy of which you were good enough to enclose with your letter under acknowledgment.

In accordance with your request that I take this matter up for discussion with the members of the Commission, I have today referred this question to the gentlemen composing the Commission. While agreeing in your opinion that the audit should be made at an early date, they are opposed to the appointment of an official of the Military Government to act as a representative of the Provisional Government. They propose, therefore, that the issuance of the order be deferred until after the installation of the

⁴⁶ Not printed.

Provisional Government; that a representative of the Dominican Government then be appointed by the Provisional Government; and that the necessary extraordinary expenditures required by the audit be then agreed to by the Provisional Government and the Military Government. I may add, that in my opinion the appointment of Commander Rose as a "Special Agent of the Dominican Republic" at the time of the installation of the Provisional Government would not be in accord either with the letter or the spirit of the Plan of Evacuation.

Believe me [etc.]

SUMNER WELLES

839.00/2610 : Telegram

The Commissioner in the Dominican Republic (Welles) to the Secretary of State

SANTO DOMINGO, October 2, 1922—4 p.m.

[Received October 3—10:26 a.m.]

26. The members of the Commission, this morning, by unanimous vote, selected Señor Juan Bautista Vicini Burgos as Provisional President. They will proceed tomorrow with the selection of the Minister of the Interior and will, at the same time, draw up the lists from which the Provisional President is to select the remaining members of his Cabinet. Señor Vicini Burgos is about 50 years of age and is a member of the family which has the largest commercial interests in the Republic. He has never taken any part in politics and has never even been a member of any political party. All the party leaders have confidence in his impartiality. He has traveled often to the United States and is favorably disposed towards the American Government. His selection is, I think, in every way satisfactory.

WELLES

839.00/2611d : Telegram

The Secretary of State to the Commissioner in the Dominican Republic (Welles)

WASHINGTON, October 4, 1922—4 p.m.

11. Your 25, October 2, 2 a.m.

Department is today requesting Navy Department to instruct Admiral Robison to comply with Commission's request regarding maintaining the marines in barracks during election days.

HUGHES

889.00/2611c: Telegram

The Secretary of State to the Commissioner in the Dominican Republic (Welles)

WASHINGTON, October 4, 1922—5 p.m.

12. For your information and guidance following is substance of letter from the Secretary of State to the Secretary of the Navy with reference to a recent conversation regarding problems arising out of the installation and functioning of the Provisional Government:

(1) The turning over of the administration from the Military Government to the Provisional Government will be effected by solemn ceremony, with due dignity, fully preserving the prestige of the Military Governor. Upon the installation of the Provisional Government there is no reason why the Military Governor should not leave the island and remain away unless a situation should unfortunately arise, due to the failure of the Provisional Government to carry out the terms of the agreement or through its inability to carry it out, which would necessitate his return. However, pending complete carrying out of plan his office should not be abolished. In accordance with Article 2 of the agreement, officers who have been occupying positions under the Military Government will remain in Santo Domingo prepared to give advice to the Provisional Government should it be called for, but it is understood that a suitable building will be provided for them.

(2) That Department will take up the question of having it definitely understood that the American marines concentrated in the three places provided for in the agreement will be tried by provost courts for any offences which they may commit while they remain in the island.

(3) That it will be proper for the Military Government to accord the customary salutes to the Provisional Government when it assumes office, in order to enhance its prestige, making it clear, by detailing an officer if necessary to explain to the Provisional Government, that the salute is fired as a manifestation of friendship and good will, but does not carry with it recognition other than as a Provisional Government, as is clearly stated in agreement.

(4) The wording of the Admiral's proclamation is to be discussed between you and him and after agreement you will telegraph to this Department for final sanction. The Navy Department has sent instructions to the Admiral to that effect.

(5) That in accordance with Admiral Robison's letter to you of September 13th you had informed the Dominican leaders that Santo Domingo City, Santiago and Puerto Plata only would be occupied by American troops.

(6) With regard to the suspension of newspapers it was suggested, with reference to previous correspondence, that Admiral Robison be instructed that, with the exception of *La Informacion*, orders of suspension of the publication of newspapers should be rescinded and no further orders suspending publication of newspapers should be given without bringing matter to the attention of the Department and obtaining an expression of its views. I stated that my thought is that, in view of the existing situation, any question as to the suspension of newspapers should be taken up by Admiral Robison in a practical way with you and should an agreement not be reached you should both at once communicate with your respective Departments by cable in order that a satisfactory conclusion may be reached without delay. I expressed willingness that same procedure be followed in case Admiral Robison objects to the rescission of any order of suspension.

Department pointed out difficulties attending withdrawal from Santo Domingo and importance of conciliating public opinion to utmost possible extent. The success you have already met with in your negotiations was referred to and the belief expressed that Admiral Robison desires to cooperate with you and that there would appear to be no reason why you and he should not accomplish the purpose we have in view.

HUGHES

839.00/2636

*The Commissioner in the Dominican Republic (Welles) to the
Secretary of State*

No. 26

SANTO DOMINGO, October 6, 1922.

[Received October 25.]

SIR: With reference to my despatch No. 22 of September 26, with which I transmitted a copy of the conditions placed upon the exercise of the Provisional Government by the members of the Commission, I have the honor to inform you that these conditions were later modified by the addition of the following paragraphs No. 5 and No. 6, to be added to Article (e) of condition No. 2:

5. Stipulation of thirty-five years as a minimum age for the Justices of the Supreme Court and of thirty years for the minimum age of the Judges of the Courts of Appeals.

6. Appointment for life, except in the event that they may be removed for cause determined by the Chamber of Deputies and approved by the Senate, of the following:

- (a) The Justices of the Supreme Court;
- (b) The Judges of the Courts of Appeals whenever they may be elected to the same position in two consecutive periods of four years each.

The present Constitution provides that the Justices of the Supreme Court and the Judges of the Courts of Appeals are to be elected by the Senate every four years from lists prepared by the Electoral Colleges. Inasmuch as this system made it possible for each incoming Executive to obtain the appointment to the Supreme Court and to the Courts of Appeals of judges belonging to the same political party as that to which the Executive belonged, the possibility of obtaining an impartial Supreme Court and Courts of Appeals was remote. After considerable discussion, the members of the Commission finally accepted my recommendation that the principle of life tenure of office by the Justices of the Supreme Court and Judges of the Courts of Appeals be inserted in the Constitution of the Republic.

I have [etc.]

SUMNER WELLES

839.00/2615 : Telegram

*The Commissioner in the Dominican Republic (Welles) to the
Secretary of State*

SANTO DOMINGO, October 9, 1922—10 a.m.

[Received October 10—4:15 a.m.]

28. Department's October 4, 5 p.m. paragraph 2. In view of the representations which I made to the members of the Commission in accordance with the advice which I received from the officers commanding the American forces of occupation, to the effect that conditions in the bandit country in the Province of Seybo were such that immediate withdrawal of all the American forces of occupation in that district would undoubtedly create disturbances, the Commission requested that one company of cavalry be retained at Chicharones in that province with a base of supplies at San Pedro de [Macoris], until such time as the Provisional Government should request their withdrawal and concentration with the other troops in Santo Domingo City. This request was of course agreed to by the Military Governor.

Since the Military Governor is inclined to interpret the instructions which he has now received from the Navy Department as a result of the letter received by the Secretary of the Navy from the Secretary of State, to mean that the American marines must be concentrated within three places notwithstanding the request of the members of the Commission above referred to, I should be glad if the Department would advise the Navy Department that this request of the Commission should be complied with as previously agreed.⁴⁷

⁴⁷ Request complied with, Oct. 11, in letter to Secretary of the Navy, and the Military Governor so instructed by the Acting Secretary of the Navy, Oct. 12 (file no. 839.00/2622).

It is the intention of the Commission once the Policia Nacional Dominicana is recruited to its full strength by the end of December, to strengthen the forces of the Policia Nacional Dominicana in the Province of Seybo with the hope that when such steps have been taken the American forces can be withdrawn.

WELLES

839.00/2614 : Telegram

*The Commissioner in the Dominican Republic (Welles) to the
Secretary of State*

SANTO DOMINGO, October 9, 1922—3 p.m.

[Received October 10—4:20 a.m.]

29. For Francis White. My Confidential 25, October 2, 9 [2] a.m. and Department's October 4, 4 p.m. The Military Governor advises me that he has received instructions from the Navy Department in accordance with request of the Secretary of State referred to in Department's telegram above mentioned. He further advises me that he is cabling the Navy Department to-day protesting vigorously against such instructions and using the same arguments against these instructions quoted in my telegram above referred to. Since I believe keeping marines in barracks during election hours of highest importance, I am confident Department of State will not modify its views as already conveyed to me.

WELLES

839.00/2621 : Telegram

*The Commissioner in the Dominican Republic (Welles) to the
Secretary of State*

SANTO DOMINGO, October 11, 1922—9 a.m.

[Received 9:09 p.m.]

32. Department's October 4th, 5 p. m., paragraph 4. The following is the form of the proclamation which I believe should be issued by the Military Government in order to announce the installation of the Provisional Government. Admiral Robison has expressed his agreement with the wording thereof and has so cabled the Navy Department:

"Whereas, the plan of evacuation of the territory of the Dominican Republic by the American forces of occupation tentatively agreed to in Washington D. C. June 30th, 1922, has been now formally agreed to by the Government of the United States and by a Commission composed of Monseigneur Doctor Adolfo A. Nouel; General Don Horacio Vasquez; Senor Don Federico Velasquez H.; Licenciado Don

Elias Brache, Hijo; and Licenciado Don Francisco J. Peynado on behalf of the Dominican people, and has been officially published by the Commissioner of the President of the United States in the Dominican Republic, and wherefore [*whereas*], the Government of the United States is convinced that a great majority of the Dominican people favors the execution of this plan of evacuation;

Now, therefore, I Samuel S. Robison, Rear Admiral, United States Navy, Military Governor of the Dominican Republic, acting under the authority and by direction of the Government of the United States, declare and announce to all concerned, in accordance with the provisions of article 1 of the said plan of evacuation, that on October (blank), there will be installed a Provisional Government of the Dominican Republic for the purpose of promulgating legislation to regulate the holding of elections, to provide for the reorganization of the provincial and municipal governments, and to enable the Dominican people to make such amendments to the constitution as they may deem appropriate, and hold general elections without the intervention of Military Government; and this Provisional Government will order such further powers and duties as are specified in the plan of evacuation.

The Provisional Government of the Dominican Republic will assume, from the date of its installation, administrative powers to carry out freely the aforesaid purposes; and the said Provisional Government, from that date, will alone be responsible for its acts. The Provisional Government, the members of which have been elected in accordance with the provisions of article 2 of the plan of evacuation, will be constituted as follows: (here follows the list of the members of the Provisional Government with the office held by each).

Upon taking office, the Provisional President and the members of his Cabinet will take the following oath of office, agreed upon by the members of the Commission by whom they were elected, before the Supreme Court of Justice: 'I do solemnly swear that I will well and faithfully discharge the duties of the office on which I am about to enter; that I will enforce the plan of evacuation agreed upon June 30th 1922; that I will abide by the regulations and conditions placed upon the exercise of the Provisional Government by the Commission which agreed to the plan of evacuation; that I will do all within my power to further the reestablishment of constitutional normality and the restoration of a constitutional government; and that I will obey and cause to be obeyed the laws of the Republic; so help me God.'

The wording of the oath to be taken by the members of the Provisional Government was agreed upon by the members of the Commission.

It is impossible as yet to determine precisely the date upon which the Provisional Government can be installed. Determination of the date depends upon the rapidity with which the Dominican officers can replace the American officers still holding commissions in the Policia Nacional Dominicana but it is probable that the installation can take place between the 18th and the 25th of October. If the Department approves of the wording of the proclamation, I request that

it so advise me by cable, and authorize me to at the same time determine the date of the installation of the Provisional Government in accord with the Military Governor.

WELLES

839.00/2621 : Telegram

The Secretary of State to the Commissioner in the Dominican Republic (Welles)

WASHINGTON, October 17, 1922—5 p. m.

13. Your telegram No. 32 of October 11, 9 a. m.

Department and the Navy Department both approve the wording of the proclamation. You are authorized furthermore to determine the date of the installation of the Provisional Government in accord with the Military Governor.

HUGHES

839.00/2630 : Telegram

The Secretary of State to the Commissioner in the Dominican Republic (Welles)

WASHINGTON, October 20, 1922—5 p.m.

16. You are authorized by the President to deliver the following message to the Provisional President on his installation:

“On this day when you assume the office of Chief Executive of the Provisional Government of the Dominican Republic, I wish to assure you of the hearty good will of the Government and people of the United States, and of their sincere hope for the successful functioning of your Government and for the peace and prosperity of your country. Permit me, personally, to felicitate you upon your selection for the high office upon which you enter today and to express my best wishes for your personal welfare. (Signed) Warren G. Harding.”

HUGHES

839.00/2635 : Telegram

The Commissioner in the Dominican Republic (Welles) to the Secretary of State

SANTO DOMINGO, October 21, 1922—3 p.m.

[Received October 23—4 p.m.]

38. The Provisional Government was duly installed this morning. The following, in my opinion, are noteworthy passages from the excellent inaugural address read by the Provisional President:

"The period which we are confronting is one of national reconstruction. It is one of transition and I begin it with faith in the prudence and respect of the Dominican people; in the efficacy of the plan of evacuation and of the regulations which are to govern the exercise of my official duties; and with complete confidence in the high purposes and in the spirit of redemption and of justice of which the great American nation has given so many proofs in its efforts to advance liberty and independence of the other nations of the world."

"Possessing this optimism, I declare that to obtain a sovereign and independent Republic, I will devote all my strength and all my efforts: always bearing in mind that in relation to internal political questions my conduct will be invariably governed by a decided and unvarying impartiality to all political parties, as much because of my own convictions as because I believe that my impartiality was one of the determining conditions of my selection; and furthermore because it is indicated by the requirements of the country that only through such absolute impartiality and through entire justice in all the branches of the administration can I count upon the faith and general approbation of the entire country. It is necessary that all of us Dominicans, without exception, advance in accordance with our duty, putting to one side for the time being, should it be necessary for the general welfare, the immediate satisfaction of our personal ambitions, lending all of our support to the sole task of the restoration of the Republic and the reestablishment of its institutions."

WELLES

539.00/2656

*The Commissioner in the Dominican Republic (Welles) to the
Secretary of State*

No. 35

SANTO DOMINGO, October 23, 1922.

[Received November 7.]

SIR: In accordance with the authorization contained in the Department's telegram of October 19, 10 a.m. [*October 20, 4 p.m.*] ⁴⁸ it is my intention to leave Santo Domingo Friday, October 27th, and return directly to the United States by way of Haiti. The Military Governor, Admiral Robison, leaves the Capital today, and his place will be taken by Brigadier General Harry Lee, ranking officer of the United States Marine Corps in the Dominican Republic. General Lee has created a very favorable impression upon the Dominicans with whom he has been brought into contact, and I am inclined to think that his administration as Acting Military Governor during the life of the Provisional Government will be successful.

It is my purpose, before I leave for Washington, to obtain the formal approval of the members of the Commission and of the Pro-

⁴⁸ Not printed.

visional President to the project of the electoral law which the Commission has accepted in principle. Various details in the draft law are now being considered by a Commission of lawyers representing the various political parties and myself, and it is my belief that this final revision can be completed within the next three days. I have assured myself that the Acting Military Governor and the American Minister are provided with an official copy of the Plan of Evacuation, as well as with copies of all the supplementary agreements entered into by the members of the Commission and myself. I have further arranged that in the event of any disagreement resulting between the Provisional Government and the Military Government that the matter will be resolved by conference between the members of the Commission, the Acting Military Governor, and the American Minister. It is my belief that in this way unnecessary friction between the Military Government and the Provisional Government can be avoided.

As I informed the Department in my cable of October 19, 10 a.m.,⁴⁹ the duties and obligations of the Provisional Government are clearly defined and are as clearly understood by both the members of the Commission and the members of the Provisional Government. The Provisional President is obligated to promulgate the election law within two weeks after he receives the project from the members of the Commission. He will thereafter promulgate the laws providing for the re-organization of the Provinces and Communes handed him by the members of the Commission, which projects have already been approved by me. The election law will therefore probably be promulgated before the end of November. The law will determine the extent of the period of registration, and this period, in my judgment, should be from forty-five to sixty days. The electoral period, as fixed by the present Constitution, will therefore not commence until the middle or end of the month of January, 1923. I do not anticipate the arising of any difficulties before that period. A realignment of political parties will, in my opinion, undoubtedly take place before that time, and such realignment will, I believe, lessen the possibility of political disturbances. While it is as yet impossible to assume with any certainty what that realignment will be, I consider it probable that the Partido Nacional, headed by General Vasquez, will effect a fusion with the Partido Progresista, headed by Señor Velasquez. If such fusion takes place, the candidates supported by those two parties will undoubtedly prove victorious in the general elections. The only hope for the Liberal Party to maintain its present strength lies in its securing the consent of Señor Peynado to run as Presidential candidate of that party. . . .

I have [etc.]

SUMNER WELLES

⁴⁹ Not printed.

839.00/2648 : Telegram

*Provisional President Burgos to President Harding*⁵⁰

[Translation]

SANTO DOMINGO, October 30, 1922.

I should be pleased if, for the sake of the success of the liberation plan, the mission of the Honorable Sumner Welles should not terminate before the inauguration of the Constitutional President.

J. B. VICINI BURGOS

839.00/2648 : Telegram

*President Harding to Provisional President Burgos*⁵¹

WASHINGTON, November 8, 1922.

I beg to acknowledge the receipt of your telegram of October 30th, requesting that Mr. Welles' Mission should not be terminated until the inauguration of the Constitutional President. I take this opportunity to assure you of my earnest wish to assist you and the Dominican people in any way possible. I understand that Mr. Welles will soon arrive in Washington and the Department of State will discuss with him the matter proposed by Your Excellency, and, in the event of his inability to return, the best means of carrying out the Plan signed by him and the gentlemen of the Dominican Commission.

WARREN G. HARDING

839.00/2659a : Telegram

The Secretary of State to the Minister in the Dominican Republic (Russell)

WASHINGTON, November 28, 1922—7 p.m.

30. From Welles.

Please advise Department by cable whether Election Law has been promulgated by the Provisional Government, and if not, probable date of such promulgation.

HUGHES

⁵⁰ A similar telegram, undated, was received by the Department Oct. 30, 1922, from the Dominican Commissioners—Archbishop Nouel, Horacio Vasquez, Federico Velasquez, E. Brache, Francisco J. Peynado (file no. 839.00/2647).

⁵¹ Similar telegram sent by the Department to the Dominican Commissioners, Nov. 4, 1922 (file no. 839.00/2647).

839.00/2660 : Telegram

The Minister in the Dominican Republic (Russell) to the Secretary of State

SANTO DOMINGO, November 29, 1922—noon.

[Received November 30—10 a.m.]

46. Your telegram number 30, November 28, 7 p. m. Cable as received does not show what law is meant. Electoral law not yet promulgated. Commission has been in session at the Legation for the past ten days and the law will probably be in condition for publication within a week or ten days but will not be promulgated by the Provisional Government until the people have had the opportunity to criticise and suggest changes.

RUSSELL

**ASSENT OF THE UNITED STATES TO A DOMINICAN GOVERNMENT
BOND ISSUE OF \$10,000,000⁵²**

839.51/2251 : Telegram

The Chargé in the Dominican Republic (Herod) to the Secretary of State

SANTO DOMINGO, January 4, 1922—3 p.m.

[Received January 5—12:07 p.m.]

2. Of the \$500,000 certificates the Department has just undertaken to float \$320,000 will be necessary for salaries in arrears leaving \$180,000 for public works provided certificates are sold at par. Completion of Santo Domingo Monte Christi highway will cost \$400,000 and could be done by May 1st next. Military Government informs me intention is to finish this road even by contracting debts.

The Government is engaged in working out details of a sales tax which it is the intention of the Admiral to have imposed.

HEROD

839.51/2251 : Telegram

The Secretary of State to the Chargé in the Dominican Republic (Herod)

WASHINGTON, January 7, 1922—2 p.m.

1. Your 2, January 4, 3 p. m., reference to Military Government informing you that it is its intention to finish highway even by con-

⁵² For previous correspondence relating to financial affairs of the Dominican Republic, see *Foreign Relations*, 1921, vol. 1, pp. 854 ff.

tracting debts. You will inform Acting Military Governor by letter for information of Dominican Government that Department communicated its assent to Secretary of the Navy to issuance of certificates by Military Government with the expression of a strong hope that latter would keep its current expenditures within its current revenues, and that pending consideration of a bond issue by Military Government if necessary to retire the certificates that Government would make no commitments whatever which could not be met out of the proceeds of the present issue of certificates of indebtedness or the current revenues. Report your action hereunder and pursuant to Department's instruction 429, December 23,⁵³ and telegram 27, December 21, 1 p. m.⁵⁴

HUGHES

839.51/2254 : Telegram

The Chargé in the Dominican Republic (Herod) to the Secretary of State

SANTO DOMINGO, January 9, 1922—2 p.m.

[Received January 10—9:45 p.m.]

3. Your 1, January 7, 2 p.m. My action was to give [Military Governor] as instructed your 27, December 21, 1 p.m. I gave Military Governor copy of paraphrase of same made for Legation files. Your instructions number 429, December 23rd has not been received yet. The Dominican Government is still unable to sell the certificates here.

HEROD

839.51/2255 : Telegram

The Chargé in the Dominican Republic (Herod) to the Secretary of State

SANTO DOMINGO, January 16, 1922—2 p.m.

[Received 4:35 p.m.]

4. Your 1, January 7, 2 p.m. Your instruction number 429 received to-day and I have sent Acting Military Governor enclosure in the manner directed.

HEROD

⁵³ *Ibid.*, p. 866.

⁵⁴ Not printed.

839.51/2252a

The Under Secretary of State (Fletcher) to the Secretary of the Navy (Denby)

[WASHINGTON,] January 18, 1922.

SIR: In my letter to you of December 29, 1921,⁵⁵ I informed you that this Department had decided, after a careful study of the matter, to give its authorization to an issue of \$500,000 of six months certificates of indebtedness by the Military Government of the Dominican Republic. In that letter it was also stated that it might be understood that the Department of State would, at the proper time, give its sanction to a bond issue by that Government sufficient to retire these certificates of indebtedness at maturity, if such bond issue proved to be necessary for that purpose.

In your letter of acknowledgment of December 31, 1921,⁵⁶ you informed me of the directions issued by you to the Military Governor of Santo Domingo, together with the officer administering the affairs of the Department of Finance and Commerce for the Military Government, to proceed to Washington for discussion and consultation on the affairs of the Dominican Republic.

I am now informed by the Military Governor and the officer administering the affairs of the Department of Finance and Commerce for the Military Government, who are now in Washington, that the bankers who are willing to advance money against the certificates of indebtedness referred to, require the Military Government to deposit with them as collateral security a bond covering the amount necessary to retire the certificates of indebtedness at their maturity, if a bond issue at that time should prove to be necessary for their retirement. It would, therefore, seem that the sanction referred to in my letter of December 29, 1921, to a bond issue should now be given. It is to be understood, however, that the other conditions under which this Department's authorization was given in my letter under reference continue fully operative.

The consent of this Government to the increase of the public debt of the Dominican Republic is, therefore, now requested by the Military Government of Santo Domingo pursuant to the provisions of the "Convention providing for the assistance of the United States in the collection and application of the customs revenues of the Dominican Republic", concluded February 8, 1907,⁵⁷ Article 3 of which reads as follows:

"III. Until the Dominican Republic has paid the whole amount of the bonds of the debt its public debt shall not be increased except by

⁵⁵ *Foreign Relations*, 1921, vol. I, p. 870.

⁵⁶ Not printed.

⁵⁷ For text of convention, see *Foreign Relations*, 1907, pt. 1, pp. 307 ff.

previous agreement between the Dominican Government and the United States. A like agreement shall be necessary to modify the import duties, it being an indispensable condition for the modification of such duties that the Dominican Executive demonstrate and that the President of the United States recognize that, on the basis of exportations and importations to the like amount and the like character during the two years preceding that in which it is desired to make such modification, the total net customs receipts would at such altered rates of duties have been for each of such two years in excess of the sum of \$2,000,000 United States gold."

It appears that the sum of \$500,000 is necessary for the completion of the most essential public works, and that such completion is essential to the interests of the Dominican Republic.

In view of statements made by the Military Governor regarding customs receipts and disbursements, and of assurances given by him that in addition to providing for the present charges against such revenues, namely, those indicated in Article I of the Convention of February 8, 1907, and the charges for the service of the Dominican Government bond issues of 1918 and 1921,⁸⁸ that there is, and will be in normal times, ample income for the payment of interest and the providing of a sufficient sinking fund for a bond issue of \$500,000, this Government approves the issuance by the present Government of the Dominican Republic of such bonds to obtain funds for the completion of public works.

The Government of the United States gives its consent to the inclusion in the Executive Order to be issued by the Military Governor and in the bonds themselves, of the following statement:

"The acceptance of and validation of this bond issue by any Government of the Dominican Republic as a legal, binding and irrevocable obligation of the Dominican Republic is hereby guaranteed and, with the consent of the United States, the duties of the General Receiver of Dominican customs, under the American Dominican Convention of 1907, are extended to this bond issue so far as concerns the revenues which accrue to the Dominican Republic by the terms of that Convention."

This request of the Military Governor of Santo Domingo on behalf of the Dominican Republic, and the concurrence of this Government therein, may, it is believed, be taken to constitute, in the circumstances, the "Agreement between the Dominican Government and the United States" required by Article III of the Treaty of February 8, 1907, prior to the increase of the public debt of Santo Domingo in the manner proposed.

I have [etc.]

HENRY P. FLETCHER

⁸⁸ For correspondence concerning these bond issues, see *ibid.*, 1918, pp. 371 ff., and *ibid.*, 1921, vol. I, pp. 854 ff.

839.51/2274

The Secretary of State to the Secretary of the Navy (Denby)

WASHINGTON, March 25, 1922.

SIR: I have the honor to acknowledge the receipt of your letters of March 14, and 21, 1922,⁹⁹ in which you inform me of the various bids from bankers for the proposed new issue of bonds of the Dominican Republic, and in which you discuss conditions under which these bonds are to be issued.

In your letter of March 21, you suggest that there would appear to be good ground for authorizing a total issue of \$10,500,000. instead of \$10,000,000. in view of the fact that the bonds will be sold at 90.5 instead of 95, as previously contemplated. I now understand, however, after our recent conversation on this point, that you consider sufficient an authorized issue of \$10,000,000, of which \$6,700,000 are to be issued at once, and the remainder when required by the Dominican Government and only with the approval of the Government of the United States.

I now have the honor to inform you that this Department will consent to the issuance by the Dominican Government of a total bond issue of \$10,000,000, of which \$6,700,000 are to be issued at once and of which the remainder will be issued only after previous agreement between the two Governments. It is my understanding that the sum of approximately \$6,000,000 to be realized from the bonds now sold will be used for the refunding of the loans contracted in 1921 and 1922; for the cancellation of the Dominican Government's internal indebtedness; for the payment of the tobacco acceptances; and for concluding work upon the main north and south highway. This letter may be regarded as conveying the agreement of the United States Government to the issue of \$6,700,000 as required in Article III of the Treaty of 1907, between this Government and the Dominican Government.

In your letter of March 14, you recommended that the provisions of the Treaty of 1907 be extended to cover the new loan. You state in your letter of March 21, however, that the collection and application of the pledged revenues by the General Receiver of Dominican Customs will be sufficient to meet the requirements of the bankers with whom the bond issue is being negotiated and that certain other provisions appearing in the present Convention may be included in the loan contract between the Dominican Republic and the bankers. I believe that this latter procedure would be more appropriate and that the conditions attaching to the loan and the assurances given in connection with the loan should all be embodied in a contract between

⁹⁹ Neither printed.

the Military Government, acting on behalf of the Dominican Republic, and the bankers.

With the understanding that this procedure will be followed, the Government of the United States will give its consent that the General Receiver of Dominican Customs, appointed under the Convention of 1907, shall, during the life of that Convention, make such payments as are necessary for the service of the new loan from the revenues accruing to the Dominican Government, and will further consent to the giving of assurances by the Military Government, acting on behalf of the Dominican Republic, to the following effect:—

1. That the bond issue now made will be accepted and validated by any subsequent Government of the Dominican Republic;
2. That after the expiration of the Convention of 1907, any subsequent Government of the Dominican Republic will agree that the customs revenues pledged for the service of the loan shall be collected and applied by an official appointed by the President of the United States in the same manner as the present General Receiver of Customs;
3. That after the expiration of the Convention of 1907, the loan now authorized shall have a first lien upon such customs revenues, after the payment of the necessary expenses of collection, until all the bonds thereof are paid in full.

I perceive no objection to the inclusion in the loan contract of a provision substantially similar to that quoted in your letter, but altered to read as follows, namely:—

“The Military Government of Santo Domingo engages that during the term of this loan, no future bonds of the Republic will be issued, secured by customs revenues, other than the total authorized amount of bonds of this issue, unless the annual average customs revenues for the five years immediately preceding amount to at least $1\frac{1}{2}$ times total charges on all obligations secured by customs revenues, including charges of any new loan, and that the present customs tariff will not be changed during the life of this loan without previous agreement between the Dominican Government and the Government of the United States.”

In view of the above, there would be no objection to the inclusion in the bonds of the following statement:—

“The acceptance and validation of this bond issue by any Government of the Dominican Republic as a legal, binding and irrevocable obligation of the Dominican Republic is hereby guaranteed by the Military Government of Santo Domingo, and, with the consent of the United States Government, the General Receiver of Dominican Customs, appointed under the Convention of 1907, will, during the life of that Convention, make such payments as are necessary for the service of the new loan from the revenues accruing to the Dominican Government. The Military Government further agrees that after the expiration of the Convention of 1907, such customs revenues shall be

collected and applied by an official appointed by the President of the United States in the same manner as the present General Receiver of Customs, and that the loan now authorized shall have a first lien upon such customs revenues until all the bonds thereof are paid in full."

In view of the peculiar situation now existing in the Dominican Republic, I should like to have the loan contract drawn in such a manner that no lien is created upon any revenues other than the customs revenues. I believe that the pledging of revenues now free would have an unfortunate effect upon Dominican public opinion.

I have [etc.]

CHARLES E. HUGHES

839.51/2309

The Secretary of the Navy (Denby) to the Secretary of State

WASHINGTON, April 1, 1922.

SIR: With further reference to the issuance of bonds of the Dominican Republic, there are forwarded herewith for your information a copy of the proposed Executive Order to be issued by the Military Governor of Santo Domingo, and a copy of the proposed bond itself⁶⁰ to be issued by the Military Government of Santo Domingo.

On the reverse of the bonds issued in June, 1921, appeared an extract from a letter of the State Department dated June 1, 1921,⁶¹ giving its assent to the increase in the public debt of the Dominican Republic, as required by the 1907 Convention, and indicating the consent of the State Department to the inclusion in an Executive Order of the Military Governor of Santo Domingo of a statement regarding the validation and acceptance by any succeeding Government of Santo Domingo of the acts of the Military Government and the extension of the duties of the General Receiver of Dominican Customs to cover the service of that bond issue. It appears necessary, in order to effect the sale of the present issue of Dominican bonds, to furnish some similar definite statement although not in the form of extracts or quotations. I therefore wish to furnish Messrs. Lee, Higginson & Co., for their files, a copy of your letter of March 25, 1922, LA 839.51/2274, concerning the Dominican loan, with the understanding that the letter is not to be published in any circular or statement issued.

It is proposed to print on the reverse of the bonds, statements substantially as follows, which will not appear as extracts or quotations

⁶⁰ Not printed.

⁶¹ *Foreign Relations*, 1921, vol. I, pp. 865 ff.

although they do not deviate from the language contained in your letter of March 25, 1922, above referred to :—

The Department of State of the United States has consented to the issuance by the Dominican Government of a total bond issue of \$10,000,000, of which \$6,700,000 are to be issued at once, and of which the remainder will be issued only after previous agreement between the two Governments.

The Government of the United States, through the State Department, has consented that the General Receiver of Dominican Customs, appointed under the Convention of 1907, shall, during the life of that Convention, make such payments as are necessary for the service of the new loan from the revenues accruing to the Dominican Government, and has further consented to the giving of assurances by the Military Government of Santo Domingo acting on behalf of the Dominican Republic—

1. That the Bond issue now made will be accepted and validated by any subsequent government of the Dominican Republic;
2. That after the expiration of the Convention of 1907, any subsequent government of the Dominican Republic will agree that the customs revenues pledged for the service of the loan shall be collected and applied by an official appointed by the President of the United States in the same manner as the present General Receiver of Customs;
3. That after the expiration of the Convention of 1907, the loan now authorized shall have a first lien upon such customs revenues, after the payment of the necessary expenses of collection, until all the bonds thereof are paid in full.

Will you kindly let me know whether or not you have any objection to this procedure.

Respectfully,

EDWIN DENBY

[Enclosure]

Executive Order No. 735 of the Military Government of Santo Domingo, Providing for a Bond Issue of \$10,000,000

WHEREAS, it has become necessary to raise funds for continuance of the program of public works, the settlement of certain outstanding obligations, the repayment of the six months' certificate of indebtedness authorized by Executive Order No. 713, January 23, 1922,⁶² and for other purposes, in such a manner as not to increase present annual debt charges (thus requiring the repayment of outstanding bonds issued under the authority of Executive Order No. 637, June 18, 1921⁶²), and,

⁶² Not printed.

WHEREAS, an increase in the public debt of the Dominican Republic, by the issuance of bonds to the face value of \$6,700,000.00, has been duly assented to by the Government of the United States as required by the terms of the American-Dominican Convention dated February 8, 1907, and assurance has been given that the United States will consent to the issuance by the Dominican Government of a total bond issue of \$10,000,000.00, of which the \$6,700,000.00 are to be issued at once and of which the remainder will be issued only after previous agreement between the two governments.

Now, THEREFORE, by virtue of the powers vested in the Military Government of Santo Domingo, the following Executive Order is hereby promulgated:

ARTICLE 1. The Secretaria de Estado de Hacienda y Comercio is hereby authorized, empowered and directed to issue bonds of the Dominican Republic in the form as herein provided for the amount of \$6,700,000.00 and arrange for the sale thereof on terms satisfactory to him.

ARTICLE 2. This bond issue shall be known as the Dominican Republic Twenty-Year Five and One-half Percent Customs Administration Sinking Fund Gold Bond Issue.

ARTICLE 3. The bonds shall bear the signature of the Officer administering the affairs of the Secretaria de Estado de Hacienda y Comercio, and the seal of the said Secretaria, shall be countersigned by the Fiscal Agent of the loan, and shall bear a certificate executed by a Trust Company in the United States, authenticating each bond as a bond of this issue. The bonds shall be printed in the English language. The coupons to be attached to said bonds shall be in the English language and shall bear the engraved facsimile signature of the officer administering the affairs of the Secretaria de Estado de Hacienda y Comercio. The bonds shall be dated March 1st, 1922, and all bonds not retired by the sinking fund shall be payable in twenty years from that date with a premium of 1% on the principal amount of each bond. They may be called for redemption in whole or in part on the first day of March in any year or years after 1930 at 101% of the par value of the bonds so called, and beginning with March 1st, 1930, there shall be paid as hereinafter provided the sum of at least \$563,916.67 each year into a sinking fund for the purchase or call of these bonds at not more than the above price. They shall bear interest at the rate of $5\frac{1}{2}\%$ per annum payable semiannually on the first day of each September and March. They shall be paid principal, premium and interest in gold coin of the United States of the present standard of weight and fineness at the Office or offices of the Fiscal Agent of this loan as may be arranged with the bank or bankers purchasing this loan. The bonds shall be coupon in form and regis-

terable as to principal. They shall be in denominations of \$500 and \$1000 each, in such proportions as the bank or bankers purchasing this loan may determine.

ARTICLE 4. Said bonds are hereby declared to be exempt from any taxes or impositions now or hereafter established or levied by or within the Dominican Republic against the bonds or the income arising therefrom or the holders thereof, and shall be payable as well in times of war as in times of peace and irrespective of the nationality of the holders thereof.

ARTICLE 5. With the consent of the Government of the United States of America, the payment of the principal of these bonds as well as the premium and interest is secured by and shall constitute a charge upon all the customs revenues of the Republic collected and to be collected, after their application to the first three objects designated in Article 1 of the Convention concluded February 8, 1907, between the United States of America and the Dominican Republic and after payments provided for by Executive orders of the Military Government of Santo Domingo on prior outstanding bond issues of the Republic have been made, but before any payment is made to the Treasury of the Republic. In the event that in any year the customs receipts of the Republic shall be insufficient to meet the payments herein provided to be made, the Republic will provide such sums as may be necessary to complete such payments.

ARTICLE 6. The Republic shall pay to the Fiscal Agent of the Loan, from March 1 to December 31, 1930, in ten equal monthly installments, sufficient funds to retire at least one-twelfth of this entire bond issue, principal and premium, on or before March 1, 1931. This retirement of bonds shall be accomplished either by purchase of bonds in the open market at not over 101 percent of the face value plus accrued interest, or by call of bonds for redemption at 101 percent of face value of bonds so called plus accrued interest by public drawings by lot during the week containing January 15, 1931, said latter bonds thus called to be paid (principal, premium, and interest) on March 1, 1931. The Republic shall likewise retire on or before March 1st of each succeeding year at least one-twelfth of this entire bond issue, principal and premium, until all bonds of this issue shall have been redeemed and paid, sufficient funds for this purpose to be deposited with the Fiscal Agent of the loan in equal monthly installments on or by the twentieth day of each month beginning the twentieth day of January, 1931. The Republic shall also pay to the Fiscal Agent of the loan $2/12$ ths of the annual interest charge on this issue on or before April 20th, 1922, and thereafter $1/12$ th of the annual interest charge on all outstanding bonds of this issue shall be deposited with the Fiscal Agent on or before the 20th day of each

month until all the bonds and the interest thereon are paid in full. A formal Contract of Sale and Fiscal Agency Agreement shall be entered into by the Officer administering the affairs of the Secretaria de Estado de Hacienda y Comercio, in accordance with which payments of principal, premium, and interest, purchases and retirements of bonds, and other similar acts shall be accomplished. Bonds redeemed shall be cancelled and shall not be reissued.

ARTICLE 7. The Republic may, in its discretion, at any time and from time to time make payments into the sinking fund in addition to those required to be made as aforesaid, and all such additional sums so received by the Fiscal Agent of the Loan may be applied as hereinbefore stated for the purchase of bonds at any time in the open market or for additional requirements of bonds by drawings for redemption on March 1, 1931, or on March 1st of any subsequent years.

ARTICLE 8. The acceptance and validation of this bond issue by any Government of the Dominican Republic as a legal, binding and irrevocable obligation of the Dominican Republic is hereby guaranteed by the Military Government of Santo Domingo, and, with the consent of the United States Government, the General Receiver of Dominican Customs, appointed under the Convention of 1907, will, during the life of that Convention, make such payments as are necessary for the service of the new loan from the revenues accruing to the Dominican Government. The Military Government further agrees that after the expiration of the Convention of 1907, such customs revenues shall be collected and applied by an official appointed by the President of the United States in the same manner as the present General Receiver of Customs, and that the loan now authorized shall have a first lien upon such customs revenues, subject to necessary expenses of collection, until all the bonds thereof are paid in full. The loan herein referred to is the loan of \$10,000,000.00 mentioned in the second preliminary paragraph of this executive order and of which this issue of \$6,700,000.00 is a part.

ARTICLE 9. In accordance with the above mentioned Convention of February 8, 1907, until the Republic shall have paid the whole amount of the bond issue of 1908 and the total amounts outstanding on bond issues to the service of which extensions of the duties of the General Receiver of Dominican Customs have been made, the public debt of the Republic shall not be increased except by previous agreement between the Republic and the United States, and a like agreement shall be necessary to modify the import duties of the Republic.

ARTICLE 10. The Military Government of Santo Domingo engages that during the term of this loan, no future bonds of the Republic will be issued, secured by customs revenues, other than the total au-

thorized amount of bonds of this issue, unless the annual average customs revenues for the five years immediately preceding amount to at least $1\frac{1}{2}$ times total charges on all obligations secured by customs revenues, including charges of any new loan, and that the present customs tariff will not be changed during the life of this loan without previous agreement between the Dominican Government and the Government of the United States. For the purpose of determining the total charges on all obligations secured by customs revenues, the maximum annual sinking fund charges for any future year shall be used in the computation.

ARTICLE 11. For the payment of the interest on these bonds as it falls due and of the principal and of the premium as herein provided, the good faith of the Republic is hereby irrevocably pledged irrespective of any security, and these bonds and the obligations created thereby shall not be impaired by any law or decree which the Government of the Republic, or any authority thereof, may hereafter enact or issue, or by any interpretation of any law or decree heretofore or hereafter enacted or issued, and these bonds shall constitute a legal and binding obligation of the Republic until properly redeemed and paid.

ARTICLE 12. The Fiscal Agent of the Loan shall render accounts to the Auditor of the Republic covering the periods ending June 30, and December 31, of each year of all receipts, accruals, of interest, purchases of bonds, and payments and shall surrender with such statements of accounts all coupons and bonds redeemed and paid. Upon verification of such the Auditor shall make entry thereof, allow credit therefor, and control and destroy the coupons and bonds received, making appropriate record thereof.

ARTICLE 13. The foregoing provisions in regard to the payments for the interest and amortization of the loan shall be deemed to be in the nature of a continuous appropriation and no further appropriation for such purpose shall be required. The Auditor of the Republic is authorized and directed to allow due credit in accounts therefor.

ARTICLE 14. Such funds as may be necessary to defray the expense of printing the bonds, advertising notices relating thereto, and other expense incidental to the issuance, marketing, registration, redemption, and cancellation thereof are hereby appropriated out of any funds in the National Treasury not otherwise appropriated.

ARTICLE 15. All laws or parts of laws in conflict herewith are hereby repealed.

S. S. ROBISON

Rear-Admiral, United States Navy

Military Governor of Santo Domingo

SANTO DOMINGO CITY, *March 28, 1922.*

839.51/2309

The Secretary of State to the Secretary of the Navy (Denby)

WASHINGTON, April 1, 1922.

SIR: I have the honor to acknowledge the receipt of your letter of April 1, 1922, outlining the procedure which you desire to have followed in the matter of the issue of \$6,700,000 in bonds by the Dominican Republic.

In reply, I am glad to inform you that I have no objection to the procedure as outlined.

I have [etc.]

CHARLES E. HUGHES

EFFORTS BY THE SANTO DOMINGO WATER, LIGHT AND POWER COMPANY TO SELL ITS PROPERTIES TO DOMINICAN MUNICIPALITIES

839.6463/31 : Telegram

The Secretary of State to the Minister in the Dominican Republic (Russell)

WASHINGTON, September 29, 1921—6 p.m.

20. Santo Domingo Water, Light and Power Company states that by reason of excessive fines imposed, refusal to put into effect just rates for services [as?] provided by Dominican Government, and finally by failure to perform agreement to purchase Company's plants, municipalities of Santiago and Puerto Plata have placed Company in financial condition from which it cannot extricate itself. Liberty Trust Company, mortgagee of plants, states it has been placed by said failure to perform agreement in additional serious position since it was induced upon making agreement to annul proceedings for foreclosure and thereafter could not revive proceedings and bring about sale of property prior to expiration of six months period after discontinuance of service, when municipalities under contracts with Company are entitled to bring about forfeiture of contracts.

Department understands that water supply these municipalities came from plants mentioned, and apparently failure of supply must have detrimental effect on health of inhabitants.

In view of foregoing, and since apparently municipalities have been actuated by anti-American feeling produced by occupation, Department considers Military Government should take active measures to persuade municipalities perform agreement. Health question alone seemingly would warrant such action.

Advise Dominican Government and point out necessity for prompt action in view of existing situation, including rapid deterioration of idle plants.

HUGHES

839.6463/51 : Telegram

The Minister in the Dominican Republic (Russell) to the Secretary of State

SANTO DOMINGO, May 9, 1922—5 p.m.

[Received May 11—9:48 a.m.]

21. Referring to your cablegram 7 *bis* [8] May 2, 5 p.m.^{as} Military Government was informed yesterday that the City Council of Santiago was willing to make definite offer for purchase plant of \$400,000 bonds at 6 percent, company to purchase \$50,000 additional bonds at market value and to operate plant for one month to insure that everything was in good condition, said operation to be borne by City Council. Military Government informed City Council that it was doubtful if Company would accept such a proposition and Secretary of Council and one member thereof stated that they would endeavor to persuade City Council to offer 7½ percent interest. Here the matter rests waiting for definite offer from Council. City Council does not admit validity of agreement between its representative and utility company. Military Government is willing to segregate funds and place them at the disposition of fiscal agent utility company upon the completion of contract.

RUSSELL

839.6463/51

The Secretary of State to the Minister in the Dominican Republic (Russell)

No. 458

WASHINGTON, June 1, 1922.

SIR: Upon the receipt of your telegram of May 9, 5 p.m., the contents of the telegram were communicated informally to the representative of the San Domingo Water, Light & Power Co. After considering the information conveyed by you, the Company has addressed to the Department a letter embodying a plan of settlement which the Company is willing to accept. A signed copy of the Company's letter, in the form of a definitive offer, is transmitted herewith.^{as}

The Department desires that you should communicate this offer to the Military Government of Santo Domingo, recommending it to the Military Governor's consideration, but stating that the Department does not at this time commit itself upon the question whether it will be proper for the Military Government to guarantee the bonds

^{as} Not printed.

of the proposed municipal issue. In connection with this point, you are instructed to transmit by cable your comments, with those of the Military Governor, upon the Company's contention, as expressed by officers of the Company to officials of this Department, that the provisions of the Company's concession and of the Law of Waters, under which the concession was granted, offer justification for the guaranteeing by the Military Government of bonds issued for the purpose of purchasing the Company's property. It is believed that the formal agreement of the United States Government will be necessary under Article III of the Treaty of 1907,⁶⁵ before the Military Government will be authorized to guarantee the proposed municipal bonds. If the Military Government and the Municipalities of Santiago and Puerto Plata approve of the settlement proposed by the Company, the Department will be glad to consider the advisability of giving its agreement to the guarantee of the proposed bond issue by the Military Government.

I am [etc.]

For the Secretary of State:

WILLIAM PHILLIPS

839.6463/55 : Telegram

The Minister in the Dominican Republic (Russell) to the Secretary of State

SANTO DOMINGO, June 16, 1922—5 p.m.

[Received June 19—9 a.m.]

27. Your despatch number 458, undated,⁶⁶ in reference to Santo Domingo Water, Light and Power Company. I brought to attention of the Military Governor the new form of settlement proposed by the company and he requested me to say that he still thinks it most inadvisable for the national government to guarantee bond issues of municipalities, especially at this time of serious financial crisis. In regard to justification in the Law of Waters for the guarantee by the Military Government of bonds issued for the purchase of the plant, there is a clause in this law which gives the Government and municipalities the right to purchase for the amount expended in carrying out the work plus a reasonable rate of interest, that is, if the Government wishes to purchase it has the privilege of doing so in accordance with the provisions of this law but there is nothing in regard to the form of payment. A translation of the clause in question is as follows:

⁶⁵ For text of treaty, see *Foreign Relations*, 1907, pt. 1, p. 307.

⁶⁶ Dated June 1, *supra*.

"The works constructed in conformity with the provisions of this law shall be considered as public utilities and can be acquired at any time by the nation or by the municipalities concerned by paying the value of said works, either by arrangement and stipulation before completion or by subsequent valuation always taking as a basis the amount these works would cost together with a reasonable rate of interest to be agreed upon."

The Military Governor will be in Washington next week and can be consulted.

RUSSELL

839.6463/59

*The Secretary of State to the Minister in the Dominican Republic
(Russell)*

No. 469

WASHINGTON, August 18, 1922.

SIR: Under date of July 20, 1922, the Navy Department transmitted to this Department a proposal from the Ayuntamiento of Santiago, Dominican Republic, for the purchase of the plant of the Santo Domingo Water, Light, and Power Company.^a This proposal was transmitted to Mr. Hunt, Counsel for the Company, and a reply has now been received from Mr. Hunt containing the conditional acceptance of the proposed contract.

Mr. Hunt has informed the Department that his clients were unable, because of the nature of their relations with the mortgage creditors of the Company, to assume an indefinite obligation to put the plant at Santiago in the same condition as on the date when it was closed down. The Company is, however, willing, as you will note from the conditional acceptance of the contract, to reduce the price of the property from \$400,000 to \$380,000 and to advance to the Ayuntamiento \$15,000 additional in cash, in order that the Ayuntamiento may itself put the properties in good operative condition. Mr. Hunt states that this sum seems amply sufficient for that purpose, in view of reports rendered to the Company by technical experts.

You are requested to urge the acceptance of the Company's proposal upon the Military Governor, expressing the interest of the Department in the settlement of this matter upon what appears to be an equitable basis. You will call the Military Governor's attention to the fact that the proposal of the Ayuntamiento was not received by the Department of State until July 21, 1922, although it was approved by the Military Governor on June 29, 1922.

I am [etc.]

For the Secretary of State:

LELAND HARRISON

^a Proposed contract not printed.

839.6463/73 : Telegram

The Minister in the Dominican Republic (Russell) to the Secretary of State

SANTO DOMINGO, November 14, 1922—noon.

[Received November 15—6:30 a.m.]

42. Yesterday I had an interview with the Minister of Interior who has just returned from Santiago and he informs me that the question of the Santo Domingo Water, Light and Power Company will be settled satisfactorily in two or three months. The municipality of Santiago has contracted with the General Electric Company for an engineer to make a report on the line and plant and as soon as an estimate is made of the amount necessary for putting plant in good condition materials will be ordered and negotiations with the company closed.

RUSSELL

839.6463/76 : Telegram

The Secretary of State to the Minister in the Dominican Republic (Russell)

WASHINGTON, December 23, 1922—noon.

31. Santo Domingo Light and Power Company informs Department its representative Dominican Republic states that because of non-payment of taxes municipality Santiago is proceeding to embargo company's properties and that Dominican Government served notice December 1 that unless taxes for past two years paid before December 15 Government would proceed against properties.

Company alleges its charter exempts it from all taxation and that recent decision Court [of] last resort that company is subject to real property tax constitutes denial of justice.

Company is sending for copy decision and other documents to present case to Department.

Immediately advise appropriate authorities and present urgent request that pending expiration reasonable period to enable Department to investigate case no action be taken against company's properties. In this connection refer to assurances given you by Minister Interior and reported your number 42, November 14, noon, that negotiations with company for purchase of properties would soon be closed. Telegraph report.

HUGHES

839.6463/79 : Telegram

*The Minister in the Dominican Republic (Russell) to the Secretary of State*SANTO DOMINGO, *December 26, 1922—noon.*

[Received December 27—5 a.m.]

49. Minister of the Interior informs me that the municipality Santiago has given option of 120 days concession of Santo Domingo Light and Power Company to Santo Domingo Brewing Company represented by Kalb, Austrian, and Contreras, Mexican.

RUSSELL

CLAIMS BY BRITISH SUBJECTS FOR INJURIES SUFFERED AT THE HANDS OF DOMINICAN BANDITS

439.41 St 3/9

The British Ambassador (Geddes) to the Secretary of State

No. 939

WASHINGTON, *December 21, 1921—noon.*

SIR: I have the honour, on instructions from my Government, to draw your attention to the damages sustained by two British subjects, Messrs. Steel and McPhail, at the hands of Dominican bandits, and I transmit herewith copies of their signed statements concerning the incident, together with a copy of a certificate respecting the injuries suffered by Mr. McPhail.*

It appears that on September 27th, 1921, a party of armed men visited Mr. Steel's house and abducted him after severely handling Mr. McPhail who had come to his assistance. The reason given for the abduction was that Mr. Steel had failed to comply with the written request of "General Ramon Nateras" to give him \$5,000 by September 26th.

You will observe that Mr. Steel was obliged to make certain promises in consequence of which it is quite impossible for him to remain in the Republic without endangering his life. This enforced exile is a very severe hardship to Mr. Steel who has spent most of his life in Santo Domingo and other countries in South America, and more particularly as he had expected to remain in his position as Administrator of the Angelina Estate for another eight or ten years.

I should be grateful if you would bring the cases of Messrs. Steel and McPhail to the attention of the competent authorities of the United States Government, and if you would be good enough to inform me whether there is any court or other governmental machinery

* Not printed.

before which the injured parties could bring their claims for compensation.

I have [etc.]

A. C. GEDDES

439.41 St 3/10

The Secretary of State to the British Ambassador (Geddes)

WASHINGTON, March 18, 1922.

EXCELLENCY: In further reply to your note No. 939 of December 21, 1921, in relation to the injuries alleged to have been sustained by two British subjects, Messrs. T. J. Steele and Douglas [Dugal] McPhail, at the hands of Dominican bandits in September 1921, I have the honor to enclose a copy and translation of a note⁹⁹ from the Dominican Foreign Office to the American Legation at Santo Domingo, in which the Foreign Office expresses the opinion that these British subjects are without good grounds in preferring a claim against the Dominican Government, and points out that such a claim is cognizable by the courts of the Dominican Republic.

Accept [etc.]

For the Secretary of State:

ROBERT WOODS BLISS

439.41 St 3/12

The British Ambassador (Geddes) to the Secretary of State

No. 330

WASHINGTON, May 3, 1922.

SIR: In the note which you were so good as to address to me on March 18th, in regard to the claim of Mr. Thomas Steel, you enclosed a copy and translation of a note from the Dominican Foreign Office to the American Legation at Santo Domingo. In this note the opinion was expressed that Messrs. Steel and McPhail were without good grounds in preferring a claim against the Dominican Government and it was pointed out that such a claim is cognizable by the Courts of the Dominican Republic.

I did not fail to submit a copy of your note to my Government, who desire me to draw attention to certain of the principles laid down in this note from the Dominican Foreign Office and in particular to the assertion that "it is a principle of international law universally admitted that every person who establishes himself in any foreign country, respects, by that simple act, not only the laws, regulations and practices there existing, but also accepts all of the abnormal conditions to which life in that country may be exposed".

⁹⁹ Dated Feb. 7, 1922; not printed.

My Government are anxious to learn whether, in forwarding this note to His Majesty's Embassy, the United States Government may be held to approve of and to subscribe to the principles laid down in the Dominican note and to consider that such principles are susceptible of universal application.

I should be grateful if you would be so good as to place me in a position to inform my Government of your view in regard to the point raised above.

I have [etc.]

A. C. GEDDES

439.41 St 3/14

The Secretary of State to the British Chargé (Chilton)

WASHINGTON, July 5, 1922.

SIR: I have the honor to acknowledge the receipt of the Ambassador's note No. 467 of June 17, 1922,⁷⁰ in relation to the injuries alleged to have been sustained by two British subjects, Messrs. Thomas J. Steele and Dougald [*Dugal*] McPhail, at the hands of Dominican bandits in September 1921, and to inform you that the American Legation at Santo Domingo further reports that the Dominican Foreign Office, in response to the Legation's note requesting it to designate the tribunals of Santo Domingo to which Messrs. Steele and McPhail may find redress, states that they should submit their claims to the Procurador Fiscal of the Judicial District of San Pedro de Macoris.

Replying to the Ambassador's inquiry as to whether in forwarding to the Embassy a copy of a note and translation thereof, dated February 7, 1922, from the Dominican Foreign Office to the American Legation, the United States Government may be held to approve of and to subscribe to the principles laid down in the Dominican note, and to consider that such principles are susceptible of universal application, it would seem pertinent to observe that this Government considers that the claims of Messrs. Steele and McPhail are against the Government of the Dominican Republic, and, as stated, cognizable by the courts of that country, and that the Department acted merely as a medium of transmission and at the express request of the British Embassy in acquainting the Embassy with the views of the Dominican Foreign Office as expressed in its note to the American Legation.

Accept [etc.]

For the Secretary of State:

WILLIAM PHILLIPS

⁷⁰ Not printed; it referred to the Ambassador's note of May 3, *supra*, and requested a reply.

439.41 St 3/15

The British Ambassador (Geddes) to the Secretary of State

No. 631

WASHINGTON, August 16, 1922.

SIR: With reference to the note which you were good enough to address to me on July 5th, with regard to the injuries sustained by two British subjects, Thomas J. Steel and Dougald [*Dugal*] McPhail, at the hands of Dominican bandits, I have the honour to inform you, on instructions from my Government, that these two gentlemen have been advised to apply to the Procurador Fiscal of the Judicial District of San Pedro de Macoris in accordance with the recommendation contained in your note under reference. His Majesty's Government, however, consider that their claim is one which would fall within the scope of the article on claims which occurs in the draft treaty understood to have been presented to the Mexican Government by the United States Government on May 27, 1921⁷¹ and quoted in a note addressed by the United States Ambassador in London to the Earl of Balfour on July 12th last.⁷²

His Britannic Majesty's Government desire accordingly to reserve the right to press this claim through the diplomatic channel if there should be a denial of justice in the Dominican Courts. His Britannic Majesty's Government trust moreover, that they can count on the support of the United States Government in prosecuting this claim in view of the fact that the latter are in *de facto* control of the administration of Santo Domingo.

I have [etc.]

(For the Ambassador)

H. G. CHILTON

BOUNDARY DISPUTE WITH HAITI

(See volume I, pages 434 ff.)

⁷¹ See despatch no. 3929, June 3, 1921, from the American Charge in Mexico, *Foreign Relations*, 1921, vol. II, p. 404. For draft of the treaty, see *ibid.*, p. 397.

⁷² Not printed.

ECUADOR

CONTINUED PROTESTS BY THE UNITED STATES AGAINST THE RETROACTIVE APPLICATION OF DECREES FIXING THE RATE OF INTERNATIONAL EXCHANGE¹

422.11Am8/21 : Telegram

The Minister in Ecuador (Hartman) to the Secretary of State

QUITO, January 6, 1922—11 a.m.

[Received January 7—2:35 p.m.]

2. Department's 25, December 24, 4 p.m.² President says that because municipality is an autonomous body he cannot intervene.

Full report on remainder of said telegram my despatch number 772, December 29, 1921.³

HARTMAN

422.11Am8/23 : Telegram

The Secretary of State to the Minister in Ecuador (Hartman)

WASHINGTON, February 7, 1922—1 p.m.

2. Your January 6, 11 A.M., and other correspondence regarding exchange regulations.

1. Department considers President's reply to your memorandum, December 29 [27],⁴ as set forth in above mentioned telegram, evasive and unsatisfactory. The main question is not the relations between municipality and central government but whether the latter intends arbitrarily fixed exchange rates to apply retroactively to contracts antedating the decree. Although the Government of the United States does not in general question the right of Ecuador to regulate exchange transactions, it cannot refrain from vigorous protest when such regulations are applied so as in effect to bring about repudiation of indebtedness due American citizens. The Government of the United States regards the principle involved as of the utmost importance, and this principle, rather than the settlement of any individual claim, is the chief motive of American diplomatic intervention.

¹ For previous correspondence, see *Foreign Relations*, 1921, vol. 1, pp. 871 ff.

² *Ibid.*, p. 877.

³ *Ibid.*, p. 878.

⁴ *Ibid.*, p. 880.

2. You are instructed to present to the President an informal written memorandum making the foregoing as clear as possible, and stating that the Government of the United States is very deeply concerned over the matter and trusts that it may be promptly assured that this regulation will not be applied retroactively so far as foreign interests are concerned. You will renew emphatically representations indicated in Department's December 13, 6 P.M.,⁵ and December 24, 4 P.M.,⁶ and point out that the Department is receiving further complaints from American interests. The President should clearly realize the serious injury which continuing this policy will undoubtedly work upon Ecuador's credit and good name.

3. Inform Department of action, if any, taken by your colleagues in this connection. Cable developments.

HUGHES

422.11Am8/21

The Secretary of State to Mr. Van Santvoord Merle-Smith

WASHINGTON, February 10, 1922.

SIR: Adverting to this Department's letter to you of January 10,⁷ in respect to a cablegram dated January 6, from the American Minister at Quito, Ecuador, regarding the claim of G. Amsinck and Company against the municipality of Guayaquil, and referring also to your call at the Department on January 20, at which time you expressed the desire in behalf of your clients, G. Amsinck and Company, that the Government cable a further protest in the matter, you are advised that written despatches just received from the American Minister contained no more satisfactory information than that reported in his cablegram.

Therefore, on February 7th, the Department again cabled the American Minister at Quito to enter a vigorous protest with respect to the arbitrary exchange rate in Ecuador which if applied retroactively to contracts antedating the decree, would in effect bring about repudiation of indebtedness due American citizens. The American Minister was instructed to incorporate in his written communication representations setting forth that the Government of the United States is deeply concerned over the matter and trusts that it may receive prompt assurances that the regulation will not be applied retroactively so far as American interests are concerned. The Minister was also instructed to renew the representations which he had previously made

⁵ *Foreign Relations*, 1921, vol. I, p. 877.

⁶ *Ibid.*, p. 877.

⁷ Not printed.

in respect to the claim of G. Amsinck and Company and other interested Americans.

I am [etc.]

For the Secretary of State:

F. M. DEARING

Assistant Secretary

422.11Am8/27 : Telegram

The Minister in Ecuador (Hartman) to the Secretary of State

[Paraphrase]

QUITO, February 15, 1922—3 p.m.

[Received February 16—4:33 p.m.]

4. Department's telegram no. 2, February 7, 1922, 1 p.m. The President has replied as follows: "The statute in question has no retroactive effect in Ecuadoran law. Therefore, (1) drafts which were unpaid when the decree fixing the rate of 3.60 was issued must be paid at that rate no matter when they were due; (2) holders of drafts who received payment at 2.60 before the said decree was issued can not now demand the difference between 2.60 and 3.60."

The President in a subsequent interview stated clearly that the decree applies to payments under contracts which were made before the first regulating decree of January, 1918, was issued. He declared emphatically, however, that the Government neither intended nor desired to defraud foreign creditors, but that the decree's sole object was the checking of speculation. He added that there are not sufficient drafts available at any rate at present, and urged that American creditors allow their Ecuadoran debtors, as an evidence of good faith, to deposit sufficient sucres in banks to cover drafts at official rate of exchange, and that the deposits be allowed to accumulate until sufficient drafts are available. He expects the improvement in the cacao market will shortly bring this situation about; the commercial rate of exchange has fallen recently from 4.30 to 4.05. I am sending a full report by mail.⁸

HARTMAN

422.11Am8/27 : Telegram

The Acting Secretary of State to the Minister in Ecuador (Hartman)

WASHINGTON, March 1, 1922—4 p.m.

6. Your 4, February 15, 3 p.m.

You will appropriately and clearly inform the Government formally in writing that:

⁸ Not printed.

1. This Government has received several specific complaints from American citizens concerning the damages with which they are threatened by reason of the action of the Government of Ecuador in fixing an arbitrary and retroactive rate of exchange.

2. This Government has taken due note of the statements of the President of Ecuador with respect to the purposes and motives of his government in taking said action.

3. This Government insists upon observation of the principle that a foreign government cannot by any act, properly prevent American citizens from exercising rights acquired by them under existing contracts entered into in good faith prior to the date of such action.

4. Therefore, in case the Government of Ecuador considers it necessary for reasons of its own to maintain its reported policy with respect to exchange rates, it is to be understood that the Government of the United States reserves the right to give diplomatic support to claims of American citizens who shall have suffered financial loss by reason of having been unable to collect the full amount of monies due them as a result of such policy.

FLETCHER

422.11Am8/36 : Telegram

The Minister in Ecuador (Hartman) to the Secretary of State

QUITO, *March 13, 1922—3 p.m.*

[Received March 14—1:20 p.m.]

8. Department's 6, March 1, 4 p.m.

Ecuadorean Government in reply reiterates statements contained in my despatch number 767 [761?] December 1st⁹ and adds diplomatic intervention only justified in case of judicial denial of justice. Full report by mail.¹⁰

HARTMAN

422.11Am8/39

The Consul General at Guayaquil (Goding) to the Secretary of State

[Extract]

No. 790

GUAYAQUIL, *April 25, 1922.*

[Received May 10, 1922.]

SIR: I have the honor to inform you that the indebtedness of the Municipality of Guayaquil to Amsinck & Company of New York has been settled, and the money therefor is deposited in the bank to the credit of that house.

I have [etc.]

FREDERIC W. GODING

⁹ *Foreign Relations*, 1921, vol. I, p. 875.

¹⁰ Not printed.

EGYPT

RECOGNITION BY THE UNITED STATES OF THE INDEPENDENCE OF EGYPT

883.00/403

The British Ambassador (Geddes) to the Secretary of State

No. 194

WASHINGTON, March 16, 1922.

SIR: I have the honour to inform you, on instructions from my Government, that it has been decided by His Majesty's Government, with the approval of Parliament, to terminate the Protectorate declared over Egypt on December 18th, 1914, and to recognise her as an Independent Sovereign State. In bringing this matter to your attention, I am instructed to communicate to you the following notification.

When the peace and prosperity of Egypt were menaced in December 1914 by the intervention of Turkey in the Great War in alliance with the Central Powers, His Majesty's Government terminated the suzerainty of Turkey over Egypt, took the country under their protection and declared it to be a British Protectorate.

The situation is now changed. Egypt has emerged from the war prosperous and unscathed and His Majesty's Government, after grave consideration and in accordance with their traditional policy, have decided to terminate the Protectorate by a declaration in which they recognise Egypt as an Independent Sovereign State while preserving for future agreements between Egypt and themselves certain matters in which the interests and obligations of the British Empire are specially involved. Pending such agreements, the *status quo* as regards these matters will remain unchanged.

The Egyptian Government will be at liberty to re-establish a Ministry for Foreign Affairs and thus to prepare the way for the diplomatic and consular representation of Egypt abroad. Great Britain will not, in future, accord protection to Egyptians in foreign countries except in so far as may be desired by the Egyptian Government and pending the representation of Egypt in the country concerned.

The termination of British protection over Egypt involves, however, no change in the *status quo* as regards the position of other Powers in Egypt itself.

The welfare and integrity of Egypt are necessary to the peace and safety of the British Empire which will therefore always maintain, as an essential British interest, the special relations between it-

self and Egypt long recognised by other Governments. These special relations are defined in the declaration recognising Egypt as an Independent Sovereign State. His Majesty's Government have laid them down as matters in which the rights and interests of the British Empire are vitally involved and will not admit them to be questioned or discussed by any other Powers. In pursuance of this principle, which they hereby declare to all Powers, they will regard as an unfriendly act any attempt at interference in the affairs of Egypt by another Power and they will consider any aggression against the territory of Egypt as an act to be repelled with all means at their command.

I have [etc.]

(For the Ambassador)

H. G. CHILTON

883.00/409 : Telegram

The Agent and Consul General at Cairo (Howell) to the Secretary of State

CAIRO, March 27, 1922—noon.

[Received March 27—11:20 a.m.]

15. Your number 5 March 20, 4 p.m.¹ After Great Britain declared Egypt independent and removed protectorate Allenby Minister of Foreign Affairs officially notified diplomatic agents that all foreign matters should be taken up with Egyptian Minister of Foreign Affairs Sarwat. Would communications thus addressed be regarded recognition of Egypt's sovereignty?

HOWELL

883.01/— : Telegram

The Secretary of State to the Agent and Consul General at Cairo (Howell)

WASHINGTON, March 28, 1922—7 p.m.

7. Your 15, March 27, noon.

Such intercourse with the Egyptian Government as is essential for the conduct of the affairs of the Agency should be informal so as to avoid giving impression of recognition. You will refrain from discussion of the subject of recognition. Cable what Powers, if any, have officially recognized Egyptian Government and what steps to that end have been taken by them.

HUGHES

¹ Not printed.

883.01/11a

The Secretary of State to the British Ambassador (Geddes)

WASHINGTON, April 25, 1922.

EXCELLENCY: I have the honor to acknowledge the receipt of a note, dated March 16, 1922, from His Britannic Majesty's Embassy, informing me that the British Government had decided to terminate the protectorate over Egypt, while reserving for future agreement certain matters in which the interests and obligations of the Empire were considered to be especially involved. It was further stated that the termination of the protectorate involved no change in the *status quo* as regards the position of other powers in Egypt.

My Government has therefore decided to recognize the independence of Egypt. Instructions in this sense are being sent to the American representative in Cairo, who is being further requested to bring to the attention of the Minister for Foreign Affairs that this recognition is subject to the maintenance of the rights of the United States in Egypt, as they have hitherto existed.

Accept [etc.]

CHARLES E. HUGHES

883.01/10a : Telegram

The Secretary of State to the Agent and Consul General at Cairo (Howell)

WASHINGTON, April 25, 1922—2 p.m.

9. Communicate a note to the Egyptian Minister for Foreign Affairs textually as follows:

"I take pleasure in informing Your Excellency that the President has decided to recognize the independence of Egypt this recognition being subject to the maintenance of the rights of the United States of America as they have hitherto existed."

The qualification above stated is intended to leave no room for doubt of the maintenance of capitulatory and commercial rights and most-favored nation treatment of the United States.

The Department is notifying British Government of its action and the President will telegraph a congratulatory message to the King and I will send telegram to Minister for Foreign Affairs.

Congress has been requested to provide appropriation for raising Agency to Legation.

Telegraph immediately when you have made above communication to Egyptian Government and their reply if any.

HUGHES

883.01/11b : Telegram

President Harding to His Majesty Ahmed Fuad, King of Egypt

WASHINGTON, April 26, 1922.

GREAT AND GOOD FRIEND: On the occasion of the formal recognition by the United States Government of the independence of Egypt, I take pleasure in offering your Majesty, in my own name and in that of the American people, my heartiest congratulations. In thus voicing the pleasure which it gives my fellow countrymen and myself to welcome Egypt into the family of free nations, allow me to express the hope that for yourself and for the Egyptian people a new era of happiness and prosperity has been inaugurated.

WARREN G. HARDING

123 H 886/13a : Telegram

The Secretary of State to the Agent and Consul General at Cairo (Howell)

WASHINGTON, June 23, 1922—6 p.m.

20. Your nomination as Envoy Extraordinary and Minister Plenipotentiary to Egypt confirmed. Take oath immediately. Inform Department date executed. Letter of credence follows by mail.

HUGHES

UNDERTAKING BY THE UNITED STATES NOT TO WITHDRAW FROM
THE MIXED COURT ARRANGEMENT EXCEPT AFTER ONE YEAR'S
NOTICE*

883.05/242

The Agent and Consul General at Cairo (Howell) to the Secretary of State

[Extract]

No. 97

CAIRO, June 16, 1922.

[Received July 7.]

SIR: I have the honour to herewith transmit to the Department copy of a communication just received, dated June 14, 1922, from the Ministry for Foreign Affairs, respecting the interpretation by the Department of the reservation formulated by it, in reference to the acceptance of the prorogation of the powers of the Mixed Jurisdictions for an undetermined period in Egypt.

I have [etc.]

J. MORTON HOWELL

* For previous correspondence concerning right of withdrawal, see *Foreign Relations*, 1921, vol. I, pp. 916 ff.

[Enclosure—Translation]

The Egyptian Minister for Foreign Affairs (Saroit Pasha) to the Agent and Consul General at Cairo (Howell)

No. 778

CAIRO, 14 June, 1922.

MR. AGENT AND CONSUL GENERAL: I have the honour to acknowledge receipt of your letter of the 25th March,³ by which you brought to my knowledge the interpretation given by the Government of the United States, to the reservation formulated by it and indicated in the letter from your Diplomatic Agency of 28th October, 1921,⁴ at the time of the acceptance of the prorogation of the powers of the Mixed Jurisdictions for an undetermined period.

According to this interpretation, the United States Government reserves itself the right to withdraw its adhesion to the powers of the Mixed Tribunals in that which concerns American citizens, at any time after the 1st November, 1922.

It is true that in its circular of 4th September, 1921,⁵ the Egyptian Government had made no allusion except to its right to put an end to the powers of the Mixed Jurisdictions provided that advice is given to the Powers concerned a year in advance; but, as it had also recognized this in its correspondence with other diplomatic agencies, it admitted that the right of denunciation possessed a reciprocal character, in the sense that the right of denunciation in the same conditions was in fact recognized by the Capitul[at]ory Powers, which had accepted the prorogation for an undetermined (or indefinite) period.

When the Egyptian Government received the American Diplomatic Agency's letter dated 28th October, it found great difficulty in entering into negotiations with the United States Government, and to obtain precise definitions as to the scope of the reservations therein formulated before the expiration of the current period, that is to say, the 31st October. On the other hand it was in the interest both of American citizens and for those subject to Mixed Jurisdiction that the Mixed Courts should be able to continue to function without interruption after the 31st of October, in so far as American citizens were concerned. This is why precise answers were not requested previous to the promulgation of the decree of October 31st, 1921.

However, the Egyptian Government thought, in all good faith, that the reservation made by the United States Government was made only with an end in view of being able to stipulate (to its own advantage) its right to terminate the agreement at any moment "pro-

³ Not printed; based on instruction no. 4, Feb. 24, 1922, printed *ibid.*, p. 919.

⁴ Not found in Department files; based on telegram no. 21, Oct. 27, 1921, printed *ibid.*, p. 917.

⁵ Not printed.

vided a year's notice was given", all of which was in harmony with the right to terminate the agreement, which the Egyptian Government held, and in harmony with the right which certain other powers had reserved for themselves in their notes of consent thereto.

But the interpretation which the United States Government places on this reservation, contained in the letter from your Diplomatic Agency of October 28, results in the fact that the United States alone, among all the Capitulatory Powers, reserves itself the right to determine, at any moment, after November 1st, 1922, and without any previous warning, the power of the Mixed Jurisdiction, as far as American citizens are concerned. The United States Government would thus enjoy a privileged position [not only?] over other powers but even in so far as the Egyptian Government itself is concerned.

Thus the power to denounce (or terminate), without previous warning, the agreement concerning the Mixed Tribunals, is neither in the interest of American citizens nor in the interest of foreigners or Egyptians appearing in the Mixed Courts. This power would result in a constant state of uncertainty, all the more regrettable since one can hardly imagine that it could be made use of without first having considered the consequences of a return to the regime previous to the institution of the tribunals of judicial reform in 1875.

In your letter of March 25 it is true that you declared that your Government did not anticipate the necessity of having to retract its adhesion to the Mixed Tribunals without first having given sufficient warning.

While thanking you for this statement, the Egyptian Government would be glad to receive, in order to terminate the actual uncertainty in regard to the matter, a definite assurance that the Government of the United States is not aiming to obtain a privileged position in the matter, and further that it accepts the same conditions which have been accepted by other powers, in other words, to agree to give a notice of one year in case of the termination of the agreement.

I would, therefore, be grateful if you would submit again this question to your Government from this point of view, and I sincerely hope that it will meet with a favourable reception on the part of your Government.

Accept [etc.]

A. SAROIT

883.05/242

The Secretary of State to the Minister in Egypt (Howell)

No. 50

WASHINGTON, October 24, 1922.

SIR: The Department acknowledges the receipt of your despatch No. 97, of June 16, 1922, with which you transmitted a copy of a com-

munication from the Egyptian Ministry of Foreign Affairs, referring to previous correspondence concerning the terms of this Government's consent to the indefinite prolongation of the Mixed Court arrangement and requesting an assurance that this Government does not seek a privileged position with respect to the conditions under which it may withdraw from the arrangement and that it will not withdraw without having given notice of its intention one year in advance of its withdrawal.

You may assure the Foreign Office that the Government of the United States does not seek a privileged position in this matter and that, in the absence of such modifications in the existing arrangement as would render it doubtful whether American citizens could obtain in the Mixed Courts the same impartial justice now administered in those Courts, this Government will not withdraw from the Mixed Court arrangement without having given notice of its intention so to do at least one year in advance of its actual withdrawal. In this relation you may again refer to the terms of the President's Proclamation of March 27, 1876, and particularly to the two paragraphs of the Proclamation which read as follows:

"And whereas satisfactory information has been received by me that the government of Egypt has organized other tribunals on a basis likely to secure to citizens of the United States in the dominions subject to such government the impartial justice which they now enjoy there under the judicial functions exercised by the minister, consuls, or other functionaries of the United States, pursuant to the said act of Congress approved June 22, 1860:

"Now, therefore, I, Ulysses S. Grant, President of the United States of America, by virtue of the power and authority conferred upon me by the said act, approved March 23, 1874, do hereby suspend during the pleasure of the President the operation of the said act approved June 22, 1860, as to the said dominions, subject to the government of Egypt in which such tribunals have been organized, so far as the jurisdiction of said tribunals may embrace matters now cognizable by the minister, consuls, or other functionaries of the United States in said dominions, except as to cases actually commenced before the date hereof."

In this connection it may be stated that the reservation made by this Government in signifying its consent to the indefinite prolongation of the Mixed Court arrangement was made in contemplation of the proposal, at that time under consideration, for a radical reorganization of the Mixed Courts.

I am [etc.]

CHARLES E. HUGHES

ETHIOPIA

REQUEST BY GREAT BRITAIN FOR COOPERATION BY THE UNITED STATES IN RESTRICTING THE IMPORTATION OF FIREARMS INTO ETHIOPIA

884.113/-

The British Ambassador (Geddes) to the Secretary of State

No. 136

WASHINGTON, *February 25, 1922.*

SIR: I have the honour, on instruction from my Government, to draw attention to the present state of affairs in Abyssinia in connection with the shipment of modern fire-arms to that country.

I understand that there is now at Aden a consignment of American arms ordered in the United States and paid for by the Heir Apparent, Ras Taffari. This consignment consists of six machine guns, six repeating rifles and thirty thousand rounds of ammunition.

The importation of arms into Abyssinia has, since the war, been practically stopped by the operation of the Tripartite Treaty of 1906 between Great Britain, France and Italy, reinforced by informal arrangements between these Powers.

Ras Taffari has, however, been endeavouring since April last to obtain permission to import the consignment of American arms to which I have already referred. The French and Italian Governments have agreed to their importation. His Majesty's Government have not yet agreed but have the matter under consideration. Should permission eventually be given by His Majesty's Government it will be in return for strict guarantees that the arms will remain in the personal possession of Ras Taffari.

In view, however, of the present conditions it is, in the opinion of His Majesty's Government, most undesirable that the importation of arms into Abyssinia except in the most restricted quantities, should be permitted. I feel sure that this opinion is fully shared by the Government of the United States and that it is unnecessary for me in any way to enlarge upon the unfortunate results which would be likely to flow from any widespread distribution of fire-arms in that country.

In the circumstances, therefore, I venture to express the hope that you may be disposed to move the competent authorities of the United States Government to take such steps as are necessary to impose effective supervision over the export of arms from the United States to Abyssinia.

I have [etc.]

A. C. GEDDES

884.113/-

The Secretary of State to the British Ambassador (Geddes)

WASHINGTON, March 20, 1922.

EXCELLENCY: I have the honor to acknowledge the receipt of Your Excellency's note No. 136 dated February 25, 1922, calling attention to the present state of affairs in Abyssinia in connection with the shipment of modern firearms to that country and stating that His Britannic Majesty's Government considers the importation of arms and ammunition to Abyssinia most undesirable except in the most restricted quantities and expressing the hope that the Government of the United States would be disposed to take the necessary steps for imposing effective supervision over the export of arms from the United States to Abyssinia.

In reply I beg to inform Your Excellency that a joint resolution to prohibit the exportation of arms or munitions of war from the United States to certain countries was approved January 31, 1922. The resolution provides:

"That whenever the President finds that in any American country, or in any country in which the United States exercises extraterritorial jurisdiction, conditions of domestic violence exist, which are or may be promoted by the use of arms or munitions of war procured from the United States, and makes proclamation thereof, it shall be unlawful to export, except under such limitations and exceptions as the President prescribes, any arms or munitions of war from any place in the United States to such country until otherwise ordered by the President or by Congress."

You are no doubt aware that the United States enjoys the privilege of extraterritorial jurisdiction in Abyssinia.

However, I am not informed of the existence in Abyssinia of conditions of domestic violence which are or may be promoted by the use of arms or munitions of war procured from the United States. The American Consul at Aden, Arabia, has been instructed to investigate this matter and to report the result for the information of the Department. If Your Excellency is in possession of any information relative to this matter, I shall appreciate receiving the substance of it.

It has been noted that His Britannic Majesty's Government considers the importation of arms into Abyssinia most undesirable except in the most restricted quantities. It may be said in that connection that as far as the Department is informed the only recent sale of arms or ammunition to Abyssinia by American interests is a quantity of six machine guns and six rifles with ammunition purchased by the Regent of Abyssinia for his own body-guard.

Accept [etc.]

CHARLES E. HUGHES

884.113/11

The Ambassador in Great Britain (Harvey) to the Secretary of State

No. 1527

LONDON, July 27, 1922.

[Received August 8.]

SIR: I have the honor to transmit herewith copies of a note which has been received from the British Foreign Office in answer to representations made by the Embassy in the matter of a shipment of arms and ammunition from the United States to Ras Taffari, the heir-apparent of Abyssinia. It is stated therein that as soon as an agreement has been reached by the British, French and Italian Governments regarding the quota of arms to be admitted annually into Abyssinia, His Majesty's Government will raise no objection to the inclusion in the quota for the first period of the consignment in question. The communication further refers to your note of June 22, 1922, to the British Ambassador in Washington¹ which dealt with the importation of arms into Central American countries and draws attention to the analogy between the cases of Central America and Abyssinia, and goes on to express the hope that the United States Government will feel disposed to support the endeavors of His Majesty's Government to place the importation of arms into Abyssinia upon a regular basis adapted to the real requirements of the country.

I have [etc.]

For the Ambassador:

POST WHEELER,
Counselor of Embassy

[Enclosure]

*The British Acting Secretary of State for Foreign Affairs (Balfour)
to the American Ambassador (Harvey)*

No. A 4532/445/1

[LONDON,] 26 July, 1922.

YOUR EXCELLENCY: I have the honour to acknowledge receipt of your memorandum of the 13th instant in which attention is drawn to the consignment of arms and ammunition from the United States exported to Ras Taffari, the heir apparent to Abyssinia, and the hope is expressed that arrangements may be made for this shipment to go forward to its destination.

2. In connection with this matter, it may be well for me to explain to Your Excellency the situation which has arisen regarding the supply of munitions of war to Abyssinia. His Majesty's Government have for some time past been convinced that the disturbed

¹ Not printed.

conditions existing throughout that country have been largely due to the unrestricted movement of arms and ammunition which existed before the war. In order to remedy this situation and to avoid irregularity in the supply of arms and ammunition to the Abyssinian Government, His Majesty's Government have proposed to the French and Italian Governments that a fixed number of arms should in future be admitted annually into Abyssinia, the quota for each year being fixed after careful consideration of the local circumstances. Discussions have actually started with regard to the number of arms which should be admitted into the country and as soon as an agreement on this point can be reached His Majesty's Government will raise no objection to the inclusion in the quota for the first period of the consignment mentioned in your note.

3. I trust that the policy adopted by His Majesty's Government in this matter will command the sympathy of the United States Government. Mr. Hughes, in a note to His Majesty's Ambassador at Washington dated the 22nd ultimo dealing with the importation of arms into Central American countries,² stated that "It is the view of this government that the sale of arms to a country where political conditions are known to be unstable might create embarrassment to foreign governments whose nationals have property interests in the countries concerned, and might prove to be a factor in making the political situation still more unstable". This observation is one which applies forcibly to Abyssinia and I have no doubt therefore that the United States Government will feel disposed to support the endeavours of His Majesty's Government to place the importation of arms into that country upon a regular basis adapted to the real requirements of the country.

I have [etc.]

(In the absence of the Earl of Balfour)

R. SPERLING

584.113/11

The Secretary of State to the Ambassador in Great Britain (Harvey)

No. 707

WASHINGTON, November 7, 1922.

SIR: The Department has received and has read with interest your despatch No. 1527 of July 27, 1922, transmitting a copy of a note of July 26 from the Foreign Office in reply to representations which had been made by the Embassy in the matter of a shipment of arms and ammunition from the United States to the Prince Regent of Abyssinia.

* Note not printed.

It is noted that the Foreign Office dwells on the disturbed conditions said to exist in Abyssinia, stating that His Majesty's Government has proposed to the French and Italian Governments as a remedy that a fixed number of arms should in the future be admitted annually into Abyssinia and that as soon as an agreement on the proposed plan has been reached, His Majesty's Government will raise no objection to the inclusion in the quota for the first period, of the consignment in question. It is further noted that the Foreign Office, referring to a note of June 22 from the Department to Sir Auckland Geddes regarding the importation of arms into Central American countries, draws certain parallels, and expresses the hope that the United States will support the endeavor of His Majesty's Government to place the importation of arms into Abyssinia on a basis adapted to the requirements of the country.

In this connection it may be added that the Department received a memorandum from the British Embassy at Washington under date of June 29³ on the state of affairs in Abyssinia in reply to its note of March 20, a copy of which was sent to you with the Department's instruction No. 467 of April 6, 1922.⁴ The memorandum contains the suggestion that, in view of the information furnished, this Government might be inclined to take steps to impose effective supervision of the export of arms to Abyssinia on the basis of a joint resolution to prohibit the exportation of arms or munitions of war from the United States to certain countries, approved January 31, 1922. The resolution provides:

"That whenever the President finds that in any American country or in any country in which the United States exercises extraterritorial jurisdiction, conditions of domestic violence exist, which are or may be promoted by the use of arms or munitions of war procured from the United States, and makes proclamation thereof, it shall be unlawful to export, except under such limitations and exceptions as the President prescribes, any arms or munitions of war from any place in the United States to such country until otherwise ordered by the President or by Congress."

A copy of the note of June 29 is enclosed for your information.

It is perhaps not altogether without reference to this correspondence that the Belgian Embassy in Washington has recently addressed a memorandum to the Department,⁵ stating that the Belgian Government has been informed of the existence of slavery in Abyssinia and asking whether the United States has received similar information, and, if so, what attitude has been adopted in the matter.

³ Not printed.

⁴ Neither printed.

Without the slightest disposition to question the statements which have been submitted respecting conditions in Abyssinia, it may be observed that no evidence has been adduced to indicate that there has been any considerable traffic in arms between the United States and Abyssinia or that such a traffic has been a factor in producing the situation which the governments having possessions in the immediate vicinity now seek to regulate. So far as the Department is aware, there has been no shipment of the kind other than the one now lying at Aden. As you have already been informed, the Department, in view of the limited size and of the fact that the consignee was the Prince Regent of Abyssinia, interposed no objection to the shipment. The Department is unable to perceive that this single shipment now lying at Aden, made under circumstances of which His Majesty's Government is aware, would be likely to have such an effect upon conditions in Abyssinia as would justify this Government in invoking the provisions of the Joint Resolution of January 31, 1922. It might be observed also that the conditions under which the above shipment was made do not appear to depart materially from the plan proposed in the memorandum of June 29 from the British Embassy "as regards such small supplies of modern arms as are needed by the Central Government itself for the maintenance or order, the suppression of rebellion, and the general exercise of its legitimate authority."

It is not desired that you should communicate these statements in any formal way to the Foreign Office. You may, however, take occasion to acquaint the Foreign Minister orally and in a friendly manner with the general substance of the foregoing statements. You are further instructed to submit a conciliatory reply to the note of July 26 from His Majesty's Foreign Office, stating that your Government has received the note, as well as a memorandum, of June 29 from the British Embassy in Washington. You will also convey assurances that the Department having taken cognizance of the information thus received with regard to the domestic conditions in Abyssinia, has no disposition to interpose any obstacles to the due performance of the obligations assumed under the General Act for the Repression of the African Slave Trade, signed at Brussels July 2, 1890,⁵ by the governments whose territories border on Abyssinia. In this connection it may be stated that the Department will endeavor to keep closely informed of the conditions in Abyssinia, and should it become convinced that conditions of domestic violence exist which are or may be promoted by the exporta-

⁵ William M. Malloy (ed.), *Treaties, Conventions, etc., between the United States of America and Other Powers, 1776-1909* (Washington, Government Printing Office, 1910), vol. II, p. 1964.

tion of arms from the United States, it will not hesitate to take appropriate steps in the premises. Finally, you will in particular express this Government's appreciation of the courtesy shown by the Foreign Office in its note of July 26, indicating that His Majesty's Government would raise no objection to the inclusion in the first quota for admission to Abyssinia of the shipment of arms to His Highness Ras Tafari.

I am [etc.]

CHARLES E. HUGHES

884.113/13

The Consul at Aden (Davis) to the Secretary of State

No. 37

ADEN, November 7, 1922.

[Received December 1.]

SIR: I have the honor to refer to the Department's Instruction dated June 10, 1922, File No. 884.113/6,^a instructing this Consulate to transmit any additional information regarding the shipment of American arms and ammunition lying at Aden, and any attempt to forward it to the authorities in Abyssinia, and to report that 34 cases of cartridges and 8 cases containing guns, were permitted by the Aden authorities to be shipped to Abyssinia.

They left for Djibouti, November 3, 1922, at 6 P. M. on the British cruiser *Crocus*, accompanied by Paulos Manamano, the Abyssinian representative, who in 1921 visited the United States and made the purchase. The *Crocus* likewise carried His Highness Ras Tafari and his party, who had just made a short but formal visit to Aden.

Whether or not the arms and ammunition will be permitted to reach Abyssinia from Djibouti without trouble, it is impossible to say. The representative, Paulos Manamano, seemed to be quite confident in regard to this point, however. He indicated that it was his belief, that the French and Italians had concurred in the arrangement and that from now on, no further trouble would be experienced.

I have [etc.]

RAYMOND DAVIS

^aNot printed.

FRANCE¹

NEGOTIATIONS TO ENSURE BY TREATY THE RIGHTS OF THE UNITED STATES IN TERRITORIES UNDER FRENCH MANDATE²

Syria and the Lebanon

890d.01/65 : Telegram

The Secretary of State to the Ambassador in France (Herrick)

[Paraphrase]

WASHINGTON, *May 19, 1922*—5 p. m.

159. Telegram of May 18 from Grew³ states that he is advised that France may try to oppose Palestine Mandate, the basis for this opposition being that French have not been able to reach agreement with the United States concerning Syria.

The following is submitted, in view of the foregoing, for your guidance should French Foreign Office bring up this question:

The French stated in their reply of December 22 to our memorandum concerning A and B mandates that this matter would be dealt with in a later communication, as the status of the territories in the Near East had not been legally defined. (See Department's instruction No. 1094 of December 29.⁴)

The British answered the August memorandum in similar terms but followed up their communication at once with detailed consideration of the Palestine Mandate. Balfour urgently pressed this matter when he was in America. There followed an exchange of notes with the result that a general agreement was reached as to the terms on which the Palestine Mandate would be recognized by the United States.

The Department is entirely ready to proceed to the consideration of the Mandate for Syria, but the French Government has not attempted to come to an agreement as the British did with regard to Palestine. It is the view of the Department that properly it is for France to take the initiative in bringing up this matter.

HUGHES

¹ See also subjects under Morocco, p. 720.

² Continued from *Foreign Relations*, 1921, vol. 1, pp. 922-929.

³ Joseph C. Grew, Minister in Switzerland.

⁴ *Foreign Relations*, 1921, vol. 1, p. 925.

890d.01/66: Telegram

The Ambassador in France (Herrick) to the Secretary of State

[Paraphrase]

PARIS, May 26, 1922—1 p.m.

[Received May 26—8:48 a. m.]

215. Reference to Department's telegram 159 of May 19. In conversation at Foreign Office today question of Syrian mandate was brought up. I was told that at early date our Government would receive proposals.

Mention was made of Palestine mandate, but there was not the least indication that French Government might raise opposition.

HERRICK

890d.01/79

The Ambassador in France (Herrick) to the Secretary of State

No. 2085

PARIS, June 30, 1922.

[Received July 11.]

SIR: With reference to my telegram No. 269, June 30th, 4 P.M.,⁵ I have the honor to transmit herewith copy and translation of the proposed texts of the French Mandate for Syria and the Lebanon and the Franco-American Treaty in regard thereto. A copy and translation of the accompanying Foreign Office Note are likewise forwarded.

I have [etc.]

MYRON T. HERRICK

[Enclosure 1—Translation]

The French Minister for Foreign Affairs (Poincaré) to the American Ambassador (Herrick)

MR. AMBASSADOR: By the memorandum of August 9, 1921,⁶ Your Excellency was good enough to set forth the views of the Government of the United States with regard to the mandates to be established over certain territories which, by the terms of the peace treaties, cease to be under the sovereignty of the enemy powers. With regard to those territories which belonged to the Ottoman Empire, the American Government recalled that the Allied Powers were in a position to dispose of them only because of the victory obtained in common over Germany. It expressed the desire, consequently,

⁵ Not printed.⁶ See telegram no. 377, Aug. 7, 1921, to the Ambassador in France, *Foreign Relations*, 1921, vol 1, p. 922.

that no disposal, establishing a differential treatment to the detriment of the United States or contrary to the principle of commercial equality, should be set down in the terms of the mandate. It indicated at the same time the provisions of drafts of mandate which appeared to it necessary to modify with this in view.

On December 22, 1921,⁷ my predecessor informed Your Excellency that the Government of the Republic, on its part, was quite willing to comply with the views of the United States by a direct agreement guaranteeing to citizens of the United States the enjoyment in the French mandated territories of the same rights and privileges as the nationals of States, members of the League of Nations. He added that, as far as the text of the mandate which France is to exercise in Syria and the Lebanon was especially concerned, a Note would be sent to Your Excellency at a later date informing him of the modifications made in the original text with a view to giving satisfaction to the Government of the United States.

I have the honor to transmit herewith to Your Excellency the text, modified in this manner, which the French Government intends to ask the approval of at the next Council of the League of Nations. As the Government of the United States will notice, the provisions set forth under Articles V, X, XI, XVIII, comply with the desire which it expressed concerning the reestablishment of the capitulations at the time when the mandate shall end, the free expansion of missions, economic liberty and equality in the mandated territory. There is added to this text a draft of a Convention by which the Federal Government, on the one hand, shall give its consent to the exercise by France of this mandate over Syria and the Lebanon, and the French Government, on the other hand, shall guarantee to citizens of the United States the same enjoyments from all points of view of the same rights and privileges in Syria and the Lebanon as the nationals of States, members of the League of Nations.

This draft Convention reproduces, *mutatis mutandis*, the one which, with regard to Palestine, the British Government communicated to His Excellency the Ambassador of the United States of America at London⁸ and to the terms of which I understand the Governments of Washington and London have agreed.

By reason of the advantage it would be to the inhabitants of Syria and the Lebanon to have a prompt definition of the status of their country and in view of the early date of the meeting of the Council of the League of Nations, the Government of the Republic would be happy to know as soon as possible if the Federal Government gives its adhesion to the draft of the Mandate and the draft of the Conven-

⁷ *Ibid.*, p. 925.

⁸ For text of draft convention regarding Palestine, see p. 282.

tion which are submitted to it. The draft of the Convention will be, in such an event, initialled before the meeting of the Council of the League of Nations fixed for July 10th, its final signature being deferred until the signature of the Peace Treaty with Turkey.

Please accept [etc.]

R. POINCARÉ

PARIS, June 29, 1922.

[Enclosure 2—Translation*]

Draft Mandate for Syria and the Lebanon

WHEREAS by the peace treaty concluded with the Principal Allied Powers, the Ottoman Empire renounced in favor of the Principal Allied Powers all her rights and titles to the territories of the former Ottoman Empire situated to the south of the southern frontier of Turkey as fixed in the said treaty;

WHEREAS by the said treaty the high contracting powers have agreed that, in accordance with the terms of Article 22, paragraph 4, of the Covenant of the League of Nations, that part of the above-mentioned territories known as Syria be constituted an independent state, the administration of which shall be guided by the advice and help of a mandatory power, until this state is in a position to govern itself;

WHEREAS the Principal Allied Powers have decided that the mandate for these territories mentioned above comprising Syria and Lebanon should be conferred on the Government of the French Republic, which has accepted it;

WHEREAS the terms of this mandate, which are also defined in the articles below, have been accepted by the Government of the French Republic;

WHEREAS the Government of the French Republic undertakes to exercise this mandate on behalf of the League of Nations, in accordance with the said articles:

THE COUNCIL OF THE LEAGUE OF NATIONS approves the terms of the mandate for Syria and Lebanon.

ARTICLE I

The mandatory shall, within a period of three years from the coming into force of this mandate, draw up an organic law for Syria and Lebanon. This organic law shall be prepared in agreement with the native authorities and shall take into consideration the rights, interests and desires of all the peoples inhabiting the mandated territory. The mandatory shall further enact measures

* File translation revised.

to facilitate the progressive development of Syria and Lebanon as independent states. Pending the coming into force of the organic law, the government of Syria and Lebanon shall be carried on in accordance with the spirit of this mandate.

The mandatory power shall, as far as circumstances permit, encourage local autonomy.

ARTICLE II

The mandatory shall be empowered to maintain its troops in the mandated territories for the defense of the territory. It shall further be empowered, until such time as the organic law shall come into force and public security be restored, to organize such local militia as may be necessary for the defense of the territory and to use this militia for defense and also for the maintenance of order. These local forces shall be recruited from among the inhabitants of the mandated territory only.

The militia shall be under local authorities, subject to the control which the mandatory shall retain over these forces.

The mandatory shall prevent the employment of the militia for other purposes than those mentioned above. Nothing shall prevent Syria and Lebanon from sharing the cost of maintaining the forces of the mandatory stationed in their territory.

The mandatory shall at all times possess the right to make use of the ports, railways and means of communication of Syria and Lebanon for the passage of its troops and of all materials, supplies, and munitions.

ARTICLE III

The foreign relations of Syria and Lebanon, and the granting of exequaturs to the consuls of foreign powers shall be exclusively within the jurisdiction of the mandatory. Nationals of Syria and Lebanon, living outside the limits of these territories shall be under the diplomatic and consular protection of the mandatory.

ARTICLE IV

The mandatory shall guarantee Syria and Lebanon against the loss or leasing of all or part of the territory, and against the establishment of any control on the part of a foreign power.

ARTICLE V

Privileges and immunities granted to foreigners, including consular jurisdiction and protection as formerly practiced in the Ottoman Empire by virtue of the capitulations and of custom, shall

not be applicable in Syria and the Lebanon. At the same time, foreign consular tribunals shall continue to perform their duties until the coming into force of the new legal organization provided for in article 6.

ARTICLE VI

The mandatory shall establish in Syria and Lebanon a legal system which shall assure to natives, as well as to foreigners, a complete guarantee of their rights.

Respect for the personal status of the various peoples and for their religious interests shall be fully guaranteed. In particular, the mandatory shall control the administration of the Wakufs, in complete accordance with the religious laws and the wishes of the founders.

ARTICLE VII

Pending the conclusion of special extradition agreements, the extradition treaties at present in force between the foreign powers and the mandatory shall be carried out within the territories of Syria and Lebanon.

ARTICLE VIII

The mandatory shall guarantee to all persons entire liberty of conscience and also the free exercise of all forms of worship which are compatible with public order and good morals. It will be the duty of the mandatory to see that the extradition treaties in force between foreign powers and the mandatory are observed in the territories of Syria and Lebanon. There shall be no inequality of treatment between the inhabitants of Syria and Lebanon arising from differences in race, religion, or language.

The mandatory shall encourage such public instruction, in the native languages, as is customary in the territories of Syria and Lebanon.

The right of communities to keep their own schools for the instruction and education of their members in their own language shall not be infringed, provided that they conform to the general regulations for public instruction imposed by the administration.

ARTICLE IX

The mandatory shall refrain from all interference in the administration of "conseils de fabrique" or in the management of religious communities and sacred places belonging to the various religions, the immunity of which has been expressly guaranteed.

ARTICLE X

The control exercised by the mandatory over the religious missions in Syria and Lebanon shall be limited to the maintenance of public order and sound administration; the activities of these religious missions shall in no way be restricted, nor shall their members be subjected to any restrictive measures on the ground of nationality, provided that their activities are confined to the domain of religion.

Religious missions shall be able likewise to engage in works of instruction and public charity, subject to the general right of regulation and supervision of the mandatory or of the states under mandate, in matters of education, instruction, and public charity.

ARTICLE XI

The mandatory shall not act in any way which in Syria or Lebanon might place the nationals (including societies and associations) of a state member of the League of Nations in a position of inferiority either as compared with its own nationals (including societies and associations) or with the nationals of any other foreign state, both in respect of fiscal or commercial matters and also from the point of view of the exercise of professions or industries, and of navigation and the treatment granted to ships and aircraft. In the same way, no differential treatment shall be accorded in Syria or Lebanon to goods coming from or intended for any of these states; there shall be freedom of transit, under equitable conditions, across the mandated territory.

Apart from these stipulations, the mandatory may introduce or cause to be introduced by the local authorities all necessary taxes and customs dues.

This regulation shall not affect the right of the mandatory, or of the local authority acting under its orders, to conclude, on grounds of contiguity, any special customs agreements with an adjoining country.

The mandatory shall have the right to take or to cause to be taken, subject to the stipulations of the first paragraph, all proper measures to assure the development of the natural resources of the mandated territories and to protect the interests of the local populations.

Concessions for the development of the said natural resources shall be granted without distinction by reason of nationality between the nationals of all states members of the League of Nations, but on conditions which will preserve intact the authority of the local government. No concession shall be granted having the character of a general monopoly. The stipulation of the present paragraph

shall not prejudice the right of the mandatory power or the local states to institute monopolies of a fiscal character or to assure in certain particular cases the exploitation of the natural resources either directly by the state or "en régie", or by any organ under its supervision, without there resulting therefrom any monopoly of natural resources for the benefit of the mandatory power.

ARTICLE XII

The mandatory shall, as regards Syria and Lebanon, adhere to such general international agreements as have been or may be concluded with the approval of the League of Nations, especially in respect of the following: slave traffic, trade in narcotics, traffic in arms and munitions, commercial equality, freedom of transit and navigation, aerial navigation, railways, postal, telegraphic or wireless communications, and measures for the protection of literature, art, and industries.

ARTICLE XIII

As far as social, religious, and other conditions permit, the mandatory shall assure the adhesion of Syria and Lebanon to such measures of common utility as the League of Nations may adopt for preventing or combating disease, including animal and plant diseases.

ARTICLE XIV

In the year following the coming into force of this mandate, the mandatory shall draw up and put into force a law dealing with antiquities, in accordance with the terms of the treaty of peace concluded between the Allied Powers and Turkey. This law shall assure equal treatment as regards excavations and archaeological research to all states members of the League of Nations.

ARTICLE XV

As soon as the organic law referred to in article I shall have come into force, the mandatory shall come to an agreement with the local authorities on the subject of its reimbursement by the latter for all expenses incurred by the mandatory in organizing the administration, developing local resources, and carrying out permanent public works the benefit of which the country would retain. This agreement shall be communicated to the Council of the League of Nations.

ARTICLE XVI

Arabic and French shall be the official language of Syria and Lebanon.

ARTICLE XVII

The mandatory shall submit to the Council of the League of Nations an annual report on the measures taken during the year in the exercising of this mandate.

The text of all laws and regulations promulgated during the year shall be included in the report.

ARTICLE XVIII

The consent of the Council of the League of Nations shall be necessary for any modification in the terms of this mandate. The consent of a majority of the Council of the League shall be required for any modification proposed by the mandatory.

The Council of the League of Nations shall take all proper measures in order that the present mandate may not come to an end without the immunities and privileges of foreigners, including the benefit of consular jurisdiction and protection being reestablished as they existed on August 1, 1914, in the countries covered by this mandate, exception being made for the nationals of states which shall have renounced entirely or partially this reestablishment.

ARTICLE XIX

In case any difference of opinion should arise between the Members of the League of Nations regarding the interpretation or application of the articles of this mandate, the question shall be submitted to the Permanent Court of International Justice provided for in article XIV of the Covenant of the League of Nations.

Done at Geneva on in one original, which shall be deposited in the archives of the Secretariat General of the League of Nations. Certified copies shall be sent by the Secretary General of the League of Nations to all powers signatory to the treaty of peace with Turkey.

[Enclosure 3—Translation ³⁰]

*Draft Convention between the United States and France Regarding
the Mandate for Syria and the Lebanon*

WHEREAS by the peace treaty concluded with the Allied Powers the Ottoman Empire renounces all its rights and titles over Syria and the Lebanon,

WHEREAS by Article 22 of the Treaty of Versailles it was stipulated that these territories, having ceased to remain under Ottoman

³⁰ File translation revised.

sovereignty, should be placed under the mandate of another power and that the terms of this mandate should be explicitly defined by the Council of the League of Nations,

WHEREAS the Principal Allied Powers have agreed that France should exercise the mandate over Syria and the Lebanon,

WHEREAS the terms of this mandate have been defined as follows by the Council of the League of Nations:

(Text of mandate.)

WHEREAS the mandate whose terms have just been reproduced shall be declared at the time of the coming into force of the peace treaty with Turkey,

WHEREAS the United States of America, by participating in the war against Germany, contributed to her defeat and to that of her allies and to the renunciation by her allies of their rights and titles over the transferred territories, but whereas the United States have not yet ratified the Pact of the League of Nations incorporated in the Versailles Treaty,

WHEREAS the President of the United States desires to give his adhesion to the exercise by France of a mandate over Syria and the Lebanon,

WHEREAS, as mandatory power for Syria and the Lebanon, the Government of the French Republic desires to assure to the United States and its citizens the same rights in Syria and the Lebanon as they would enjoy if the United States were a member of the League of Nations,

WHEREAS the President of the French Republic and the President of the United States of America have decided to conclude a Convention to this effect and have designated as their plenipotentiaries

who, having exchanged their full powers found to be in good and due form, have agreed to the following provisions:

ARTICLE 1

Subject to the provisions of the present convention, the United States of America declares itself in accord that France shall exercise over Syria and the Lebanon the mandate defined above.

ARTICLE 2

The United States and its nationals shall benefit by all the obligations assumed by France by the terms of this mandate, including the engagements concerning economic equality, notwithstanding the fact that the United States is not a member of the League of Nations.

ARTICLE 3

It is also understood that American property rights in Syria and the Lebanon shall be respected and protected.

ARTICLE 4

An authentic text of the annual report to be presented by the mandatory power pursuant to article 17 of the mandate will be sent to the United States.

ARTICLE 5

No modification which would affect the rights accruing from the present convention shall be made to the terms of the mandate hereinabove reproduced unless such modification shall have been assented to by the United States.

ARTICLE 6

The present convention shall be ratified and the ratifications exchanged as soon as possible. It shall take effect from the day of the exchange of ratifications. In the event that, at the date of its taking effect, the mandate should not have already been declared by the Council of the League of Nations, the Government of the French Republic undertakes to execute insofar as possible the present convention in the application it already makes of the mandate at the request of the Council of the League of Nations.

890d.01/79

The Department of State to the French Embassy

MEMORANDUM

The Department of State has received from the American Ambassador at Paris a note of June 29 addressed to him by the French Government with respect to the mandate for Syria and the Lebanon, with an accompanying draft convention between the United States and France regarding that mandate.

In a memorandum of July eighth¹¹ respecting the French mandates for Togoland and the Cameroons the Department of State outlined the views of the Government of the United States concerning the form which it was desirable that conventions relative to these mandates should take. Certain of the considerations presented in the

¹¹*Post*, p. 146.

memorandum are also pertinent to the subject of Mandates over former Turkish territory, and it is deemed to be advisable that in so far as it is practicable the convention for Syria and the Lebanon should follow closely the form of the other similar conventions respecting mandates.

Certain variations, however, are essential on account of the differences between former Turkish territory and former German territory in Africa and because of the fact that the United States was not a signatory power of the unratified Treaty of Sèvres.

With respect to the preamble of the draft convention submitted by the French Government it is suggested that, as in the other conventions, merely the Articles of the Mandate and not the preamble should be recited.

In the second paragraph following the recital of the preamble the word "encore"¹² should be eliminated.

As a substitute for the next two paragraphs a recital similar to that suggested with reference to the purpose of the other conventions discussed in the memorandum of July 8 is proposed.

With regard to the Articles of the draft convention, the following suggestions are submitted:

It is considered to be advisable that Articles 1 and 2 should follow the general form of the same numbered Articles in the draft convention discussed in the memorandum of July 8 delivered to the Embassy with respect to mandates for territories in Africa.

Having in mind the importance of American educational interests in Syria and in Palestine, it is deemed to be desirable that the conventions relating to mandates for each of these territories should include a provision with regard to the maintenance of American educational, philanthropic, and religious institutions. A proposal is being made respecting the insertion of such a provision in a convention to be concluded with respect to the mandate for Palestine.¹³ And it is presumed that the French Government will not find objectionable a provision of this character in the convention under consideration. The following Article is proposed:

Subject to the provisions of any local law for the maintenance of public order and public morals, the nationals of the United States will be permitted freely to establish and maintain educational, philanthropic, and religious institutions in the mandate territory, to receive voluntary applicants, and to teach in the English language.

¹² In the phrase "the United States have not yet ratified the pact", which in the French text reads, "les États-Unis n'ont pas encore ratifié le pacte".

¹³ See memorandum of July 12 to the British Embassy, p. 287.

It is evidently intended that the last sentence of Article 6 of the draft convention should deal with a contingency in which the convention shall have taken effect before the mandate has been issued. It is of course assumed that the mandate would not be effective before its issuance, and that the convention relating to the mandate would not sanction any action under the mandate prior to the issuance of the mandate. However, it being assumed that the French provisional administration which is now in effect shall continue, it is suggested that, instead of the concluding sentence of Article 6, a provision might be substituted with regard to the protection of American interests under such administration, prior to the issuance of the mandate. Such a provision might read in substance as follows:

The Government of the French Republic agrees that in the conduct of any provisional administration of Syria and the Lebanon pending the formal issuance of the mandate, the rights and privileges of nationals of the United States as defined by the present Convention shall be fully respected. There shall be no suspension of capitulatory rights prior to the issuance of the mandate.

With respect to the Mandate it may be pointed out that the communication of June 29 to the American Ambassador at Paris affords the Government of the United States the first opportunity it has had of learning the views of the French Government with regard to the suggestions contained in the memorandum presented to the French Foreign Office in August last relating to the provisions of certain mandates, including the proposed mandate for Syria and the Lebanon.¹⁴ The following suggestions respecting the terms of the Mandate are offered:

The first sentence of Article V and the second paragraph of Article XVIII relate to the suspension of capitulatory rights in Syria and the Lebanon. As a substitute for these, the adoption of the following provisions, which the Government of the United States after an exchange of views with the British Government has proposed with respect to the Mandate for Palestine,¹⁵ is suggested:

The immunities and privileges of foreigners, including the benefits of consular jurisdiction and protection as formerly enjoyed by capitulation or usage in the Ottoman Empire, are suspended in Palestine, but unless the powers whose nationals were entitled on August 1, 1914, to such privileges and immunities shall have previously agreed to their abandonment or to their suspension for a further period, such privileges and immunities shall, immediately upon the termination of the mandate regime, be revived, either in

¹⁴ See telegram no. 377, Aug. 7, 1921, to the Ambassador in France, *Foreign Relations*, 1921, vol. I, p. 322.

¹⁵ See memorandum of July 12 to the British Embassy, p. 287.

full or subject to such modification if any as may have been agreed upon by the powers concerned.

The second sentence of Article V of the mandate which relates to the maintenance of consular courts pending the reorganization of the judicial system in Syria and the Lebanon should be retained.

In view of the fact that the Governments of the United States, France and Great Britain have in mind similar purposes with respect to the subject of the suspension and revival of capitulatory rights, it would seem that there should be no difficulty in reaching an agreement with regard to the provisions suggested above which, it is believed, clearly express the common purpose.

The consent of this Government to the suspension of capitulatory rights in Palestine was given upon the receipt of assurances from the British Government that appropriate provisions would be embodied in the Constitution of Palestine regarding the establishment of adequate courts, and that American citizens would have the right to be tried by a court with a majority of British judges, except in trivial cases in which such a procedure would lead to administrative inconvenience. In such cases nationals of the United States will have the special right to appeal to a court composed of a majority of British judges. It is presumed that the French Government will not object to giving assurances that American citizens in Syria and the Lebanon will be accorded privileges corresponding to those granted by the British Government in Palestine.

Certain alterations have been made in Article XI of the draft Mandate which the Government of the United States previously received from the French Government.¹⁶ In order that the provisions of this Article respecting monopolies and concessions should conform to stipulations already agreed upon in the case of mandates for African territory it is suggested that the following statement be inserted to replace the two concluding sentences in the above mentioned Article:

Concessions having the character of a general monopoly shall not be granted. This provision does not affect the right of the Mandatory to create monopolies of a purely fiscal character in the interest of the territory under mandate and in order to provide the territory with fiscal resources which seem best suited to the local requirements: or, in certain cases, to carry out the development of natural resources either directly by the State or by a controlled agency, provided that there shall result therefrom no monopoly of the natural resources for the benefit of the Mandatory or its nationals, directly or indirectly, or any preferential advantage which shall be inconsistent

¹⁶ Reference is made to the draft printed in *Foreign Relations*, 1921, vol. I, p. 99.

with the economic, commercial and industrial equality hereinbefore guaranteed.

Finally it is suggested that the mandate should contain a provision, *mutatis mutandis*, similar to that of Article 28 of the mandate for Palestine,¹⁷ in so far as the Article relates to the honoring of financial obligations in the event of the termination of the Mandate.

A copy of the draft convention embodying suggestions submitted in this memorandum is herewith enclosed.

WASHINGTON, July 12, 1922.

[Enclosure]

*Draft Convention between the United States and France Regarding
the Mandate for Syria and the Lebanon*

WHEREAS by the Treaty of Peace concluded with the Allied Powers, Turkey renounces all her rights and titles over Syria and the Lebanon, and

WHEREAS Article 22 of the Covenant of the League of Nations in the Treaty of Versailles provides that in the case of certain territories which as a consequence of the late war ceased to be under the sovereignty of the States which formerly governed them mandates should be issued and that the terms of the mandate should be explicitly defined in each case by the Council of the League, and

WHEREAS the Principal Allied Powers have agreed to entrust the mandate for Syria and the Lebanon to France, and

WHEREAS the terms of the said mandate have been defined by the Council of the League of Nations as follows:

(Terms of Mandate without the preamble)

and

WHEREAS the mandate in the above terms will be issued on the coming into force of the treaty of peace with Turkey, and

WHEREAS the United States of America by participating in the war against Germany contributed to her defeat and the defeat of her Allies and to the renunciation of the rights and titles of her Allies in the territory transferred by them, but has not ratified the Covenant of the League of Nations embodied in the Treaty of Versailles, and

WHEREAS the Government of the United States and the Government of France desire to reach a definite understanding with regard to the rights of the two Governments and their respective nationals in Syria and the Lebanon:

The President of the French Republic and the President of the United States of America have decided to conclude a convention to

¹⁷ *Post*, p. 202.

this effect and have nominated as their plenipotentiaries

Who
have agreed as follows:—

ARTICLE I

Subject to the provisions of the present Convention the United States consents to the administration by the French Republic, pursuant to the aforesaid mandate, of Syria and the Lebanon.

ARTICLE II

The United States and its nationals shall have and enjoy all the rights and benefits secured under the terms of the mandate to members of the League of Nations and their nationals, notwithstanding the fact that the United States is not a member of the League of Nations.

ARTICLE III

Vested American property rights in the mandated territory shall be respected and in no way impaired.

ARTICLE IV

A duplicate of the annual report to be made by the mandatory under Article 17 of the mandate shall be furnished to the United States.

ARTICLE V

Subject to the provisions of any local law for the maintenance of public order and public morals, the nationals of the United States will be permitted freely to establish and maintain educational, philanthropic and religious institutions in the mandate territory, to receive voluntary applicants and to teach in the English language.

ARTICLE VI

Nothing contained in the present Convention shall be affected by any modification which may be made in the terms of the mandate as recited above unless such modification shall have been assented to by the United States.

ARTICLE VII

The present Convention shall be ratified in accordance with the respective constitutional methods of the High Contracting Parties. The ratifications shall be exchanged in Paris as soon as practicable. It shall take effect on the date of the exchange of ratifications.

The Government of the French Republic agree that in the conduct of any provisional administration of Syria and the Lebanon pend-

ing the formal issue of the Mandate, the rights and privileges of American citizens, as defined by this Convention, shall be fully respected. There shall be no suspension of capitulatory rights prior to the issue of the Mandate.

In Witness Whereof

Done in duplicate at, this . . . day of

890d.01/83 : Telegram

The Ambassador in France (Herrick) to the Secretary of State

PARIS, July 17, 1922—8 p.m.

[Received 8:31 p.m.]

288. Your 224, July 14, 4 p.m.¹⁸ On account of the urgency of the matter draft convention for Syria was taken up with Foreign Office after only two sections of telegram containing your memorandum had been received.

Your draft entirely satisfactory except for last sentence of article VII which they understand you intend to discuss after the meeting of the League Council.

In regard to the mandate your suggestions relative to articles V and XVIII are agreed to. Article V will read as at present with an additional paragraph translating your text beginning at "unless the powers whose nationals." Second paragraph article XVIII is entirely suppressed.

Article XI is also modified as you wish.

Article XIX becomes article XX and a new article XIX is inserted as you suggest at the end of your memorandum. A translation of this article reads as follows:

"Upon the termination the mandate it will be incumbent on the Council of the League of Nations to make the necessary arrangements to safeguard for the future the execution by the Syrian Government of the financial obligations including all pensions regularly assumed by the Syrian administration during the term of the mandate."

HERRICK

890d.01/83 : Telegram

The Secretary of State to the Ambassador in France (Herrick)

WASHINGTON, July 18, 1922—4 p.m.

231. Your 288, July 17, 8 p.m.

Department gratified at the satisfactory understanding which has been reached over Syrian Mandate Convention as indicated in your telegram.

¹⁸ Not printed.

Discussion of last sentence of Article 7 of convention will be taken up at the convenience of the French Government.

Department considers that French suggestion regarding Article 5 of Mandate is satisfactory. First sentence of French text is in fact an appropriate rendering of corresponding sentence of my draft for that Article. Acceptance of our suggested modification of Article 11 and addition of Article 19 have been noted. It is assumed that treaty will be in both French and English, both texts authentic, and that our English text will be accepted as proposed.

HUGHES

890d.01/87 : Telegram

The Secretary of State to the Consul at Beirut (Knabenshue)

WASHINGTON, July 28, 1922—4 p.m.

Department has sent you under date of July 14th, text of Syrian Mandate correspondence with French Government. Copies of this correspondence may be confidentially communicated to Aleppo and Damascus.

Department is now informed of French acceptance of draft convention with the United States regarding Syria under reservation of the last sentence of Article VII of convention as to date of suspension of capitulatory rights. This point will be taken up with French Government in the near future.

Pending definite instructions which will be sent you as soon as this Government's acceptance of Mandate becomes effective, you will admit of no change in present status in respect to capitulatory and other rights enjoyed by American citizens.

Repeat to Aleppo and to Damascus referring to Allen's telegram, July 27, 11 a.m.¹⁹

HUGHES

African Territories

800.01 M 31/105c : Telegram

The Secretary of State to the Ambassador in France (Herrick)

WASHINGTON, April 4, 1922—6 p.m.

104. Reference your despatch No. 1094, December 29, 1921.²⁰ Please communicate the following textually to the Minister for Foreign Affairs at the earliest possible moment :

¹⁹ Not printed.

²⁰ *Foreign Relations*, 1921, vol. I, p. 925.

"I have the honor to refer to Your Excellency's communication of December 22, 1921,²¹ on the subject of mandates. The suggestions of the Government of the United States regarding the terms of the various mandates were set forth in my memorandum of August 9, 1921.²² The position of my Government must necessarily remain as thus stated since the views advanced were confined to the purpose of safeguarding the interests of the United States and the fair and equal opportunities which it was believed the United States should enjoy in common with the other Powers.

In the communication referred to, Your Excellency draws particular attention to the French mandate territories in Central Africa, reserving the question of the French mandates for territories in the Near East for a later communication.

Your Excellency sets forth that it has never been the intention of the Government of the Republic to deprive the United States of any of the rights and privileges to which it is entitled as a result of the common victory over Germany. My Government had entertained no doubt that this was the attitude of France, and welcomes the cordial assurance that the Government of the Republic is altogether disposed to agree with the views of the United States.

In view of this understanding, my Government is convinced that there will be no difficulty or delay in the negotiation of a treaty embodying the assent, upon appropriate conditions, of the United States to the terms of the draft mandates for the French parts of Togoland and the Cameroons. As I have explained in my memorandum of August 9, 1921, the right of the United States in the territories, to which Germany has renounced her title, could not be disposed of without the assent of my Government, and, for the reasons given in my memorandum, the appropriate manner of expressing this assent would be through a treaty. Such a treaty could recite the articles of the mandates setting forth the engagements of the Mandatory and should contain appropriate undertakings on the part of the Government of the Republic for the suitable protection of the rights and interests of the United States. This arrangement will, it is believed, obviate any objections such as those suggested by the Government of the Republic by reason of any obligations which the Allied Powers have assumed in the Treaty of Versailles with regard to Germany and with regard to one another.

In this view, taking up the various points to which Your Excellency refers, it may be observed:

(1) *Discrimination*.—In my memorandum of August 9, 1921, I alluded to the provisions for equal commercial opportunity in Article 6 of the French mandates for Togoland and the Cameroons,²³ and called attention to the fact that these provisions were not extended to the nationals of the United States. My Government does not desire to insist that the terms of the mandate itself, in its reference to the States, members of the League of Nations, and their nationals, should be altered. It will be sufficient to recite the terms of Article 6

²¹ *Ibid.*, p. 925.

²² See telegram no. 377, Aug. 7, 1921, to the Ambassador in France, *ibid.*, p. 922.

²³ For text of draft mandate discussed in this note, see *ibid.*, p. 129.

in the proposed treaty, with the further undertaking that the Government of the Republic will guarantee to the United States and its nationals the same freedom from discrimination that Article 6 of the mandate gives to the States, members of the League of Nations, and their nationals.

The treaty should contain a general provision that the United States and its nationals should have and enjoy the benefit of all the engagements of the French Republic, defined in the mandate, notwithstanding the fact that the United States is not a member of the League of Nations.

With respect to the matter of monopolistic concessions, my Government is gratified to note that the Government of the Republic has no intention of granting concessions having the character of a general monopoly in the territories in question, or of reserving such concessions to itself. My Government has carefully noted the considerations advanced in Your Excellency's note regarding the advisability, however, of reserving to the Mandatory the right (1) to create monopolies for purely fiscal purposes, in the interest of the mandated territories, in order that the Mandatory should provide the territories with the fiscal resources which seem best suited to local requirements, and (2) to develop such natural resources as can be employed in the public interest, as, for example, water-power, which could be utilized for the electrification of a railway or for lighting purposes.

In view of these considerations my Government is prepared to approve the insertion in the mandates, after the third paragraph of Article 6, of the following paragraph, with a few changes for the purpose of clarity so that it will read as follows:

'Concessions having the character of a general monopoly shall not be granted. This provision does not affect the right of the Mandatory to create monopolies of a purely fiscal character in the interest of the territory under mandate and in order to provide the territory with fiscal resources which seem best suited to the local requirements; or, in certain cases, to carry out the development of natural resources either directly by the State or by a controlled agency, provided that there shall result therefrom no monopoly of the natural resources for the benefit of the Mandatory or its nationals, directly or indirectly, or any preferential advantage which shall be inconsistent with the economic, commercial and industrial equality hereinbefore guaranteed.'

The changes above suggested are assumed, from the tenor of Your Excellency's note, to be in accord with the intentions entertained by the Government of the Republic.

It is to be understood, of course, that the existing legal rights of American citizens or companies in French mandate territories are fully respected and safeguarded and that the treaty will contain a suitable provision to this effect.

(2) *Missionaries and Religious Freedom.*—My Government is pleased to note that the intent of the Government of the United States, in its suggestions under this heading, expressly to assure to American missionaries the right freely to exercise their vocation in Togoland and the Cameroons, is recognized, and that the Government of the Republic is disposed to give to the Government of the United States a similar guarantee, as to equality of treatment, as is suggested with respect to Article 6 and further that the Govern-

ment of the Republic is prepared to provide that in the mandated territories missionaries shall have the right to acquire and possess property, to erect buildings for religious purposes and to open schools. Accordingly, the Government of the Republic has proposed that the text of Article 7 of the mandate should read as follows:

'Subject to the provisions of any local law for the maintenance of public order and public morals, the Mandatory shall insure in the territory freedom of conscience and the free exercise of all forms of worship, and shall allow all missionaries, nationals of any State member of the League of Nations, to enter into, travel and reside in the territory for the purpose of prosecuting their calling, to acquire and possess property, to erect buildings for religious purposes, and to open schools, provided that they conform to the local law.'

Upon the assumption that the treaty will contain an appropriate provision by which the engagements of the French Republic as defined in the mandate will run to the United States and its nationals, notwithstanding the fact that the United States is not a member of the League of Nations, this provision is acceptable to my Government with the following qualifications. My Government suggests that the last clause of the proposed provision, 'provided that they conform to the local law', may be omitted, as it appears to be superfluous, the entire clause being qualified by the opening clause, 'Subject to the provisions of any local law for the maintenance of public order and public morals.' If it is intended, by the insertion of the additional clause, to give any broader application of the local law than is the purport of the opening clause, the addition would appear to be objectionable as the local law in this respect should appropriately be limited to the maintenance of public order and public morals.

(3) *Administrative unions, etc.*—It is noted that the Government of the Republic has no objection to the suggestion which has been made by my Government that there should be added to Article 9 of the mandates for Togoland and the Cameroons, the following words, corresponding to the provision of Article 10 of the British mandate for East Africa, to wit: 'provided always that the measures adopted to that end do not infringe the provisions of this mandate.'

(4) *Modification of mandate.*—My Government has observed the statement of Your Excellency in your note of December 22, that it would be difficult to insert in the mandate itself a provision that the consent of the United States should be obtained before any alteration is made in the text of the mandate. My Government does not believe such an insertion to be necessary, in view of the fact, to which Your Excellency adverts, that there is nothing to prevent the Mandatory giving a separate undertaking to this effect. Such an undertaking may be embodied in the proposed treaty. It would not, however, be deemed by my Government to be sufficient to provide merely for consultation with the United States.

(5) *Extradition.*—It is assumed that the Government of the Republic will not object to a provision by which the extradition treaty between the French Republic and the United States, pending the making of special extradition agreements, shall apply to the mandated territories in question.

(6) The Japanese Government has agreed to furnish a duplicate, not a copy, of its annual report which is to be submitted to the League of Nations on the administration of mandate territories. A provision to this effect is incorporated in the treaty between the United States and Japan relating to the mandated islands in the Pacific north of the equator²⁴ and it is desired that a similar provision should be included in the treaty relating to the French mandates for Togoland and the Cameroons.

It may be added that the references in this communication, as in my note of August 9, 1921, are to the texts of the draft mandates for the French parts of Togoland and the Cameroons, in the forms in which these drafts are before my Government.

If the Government of the Republic is willing to meet the wishes of the United States with reference to the matters upon which concurrence has not already been indicated, the Government of the United States is prepared to enter immediately upon the negotiation of the necessary treaty."

HUGHES

862q.01/8

The Ambassador in France (Herrick) to the Secretary of State

No. 2086

PARIS, June 30, 1922.

[Received July 11.]

SIR: With reference to my telegram No. 263, June 29th, 6 P.M.,²⁵ I have the honor to transmit herewith copy and translation of the proposed texts of the French Mandate for the Cameroons and the Franco-American Treaty in regard thereto. A copy and translation of the accompanying Note from the Ministry for Foreign Affairs is likewise forwarded.

I have [etc.]

MYRON T. HERRICK

[Inclosure 1—Translation]

The French Minister for Foreign Affairs (Poincaré) to the American Ambassador (Herrick)

PARIS, June 28, 1922.

MR. AMBASSADOR: By his letter of April 6th last,²⁶ Your Excellency was good enough to inform me of the wishes of the Government of the United States concerning the changes to be made in the clauses of the draft mandates for the French parts of Togoland and the Cameroons.

²⁴ *Post*, p. 600.

²⁵ Not printed.

²⁶ See telegram no. 104, Apr. 4, to the Ambassador in France, p. 134.

Very naturally, these wishes have been examined in the most friendly spirit and it seems easy to give satisfaction to the American Government. The Government of the Republic is quite disposed to conclude agreements with the Federal Government which will recite the articles of the mandates by setting forth the obligations of the mandatory and acknowledging undertakings which will accord the protection which is due to the rights and interests of the United States.

I have the honor to set forth hereafter the various points raised by Your Excellency in His aforementioned communication of April 6th last.

Concerning the first point, (*Discrimination*), the enclosed drafts of a treaty will give every satisfaction to the Government of the United States.

(2) *Missionaries and Religious Freedom*.—A slight change inserted in Article 7 of the draft mandate will also give satisfaction to the Washington Government.

(3) *Customs Unions*.—Neither does this point offer any objections on the part of the Government of the Republic and the end of Article 9 of the draft mandate will give the required satisfaction.

(4) *Modification of Mandate*.—Article 4 [5] of the draft treaty will give to the American Government the satisfaction it desires.

(5) *Extradition*.—Article 6 will give satisfaction to the American Government.

I venture to hope that, under these circumstances, the enclosed text will meet with the approval of the Government of the United States and, in this event, I am at the disposal of Your Excellency to sign the treaties with him, the draft of which is enclosed, as soon as the Council of the League of Nations shall have given its approval to the new text of the draft mandate.

I venture to point out to you the urgency which exists to establish the agreement of the two Governments so that the question of the B mandates may be submitted to the Council of the League of Nations at its next meeting, that is to say before July 15th next.

Please accept [etc.]

R. POINCARÉ

[Enclosure 2—Translation ²⁷]

Draft Mandate for the Cameroons ²⁸

THE COUNCIL OF THE LEAGUE OF NATIONS:

WHEREAS by article 119 of the Treaty of Peace with Germany signed at Versailles on June 28, 1919, Germany renounced in favor

²⁷ File translation revised.

²⁸ The same, *mutatis mutandis*, as draft mandate for Togoland (file no. 862p.01/11).

of the Principal Allied and Associated Powers all her rights over her oversea possessions, including therein the Cameroons;

WHEREAS the Principal Allied and Associated Powers agreed that the Governments of France and Great Britain should make a joint recommendation to the League of Nations as to the future of the said territory;

WHEREAS the Governments of France and Great Britain have made a joint recommendation to the Council of the League of Nations that a mandate to administer in accordance with article 22 of the Covenant of the League of Nations, that part of the Cameroons lying to the east of the line agreed upon in the declaration of July 10, 1919, of which mention is made in article 1, below, should be conferred upon the French Republic;

WHEREAS the Governments of France and Great Britain have proposed that the mandate should be formulated in the following terms;

WHEREAS the French Republic has agreed to accept the mandate in respect of the said territory and has undertaken to exercise it on behalf of the League of Nations;

Hereby approves the terms of the said mandate as follows:

ARTICLE 1

The territory over which a mandate is conferred upon France comprises that part of the Cameroons which lies to the east of the line laid down in the Franco-British declaration signed on July 10, 1919, of which a copy is annexed hereto.²⁹

This line may however be slightly modified by agreement concluded between the Government of His Britannic Majesty and the Government of the French Republic, on points where, either in the interest of the inhabitants or because of the inexactitude of the map (Moisel I/300,000) annexed to the declaration, an examination of the localities would show it to be undesirable to maintain exactly the line indicated.

The delimitation on the spot of this line shall be carried out in accordance with the provisions of the said declaration.

The final report of the Mixed Commission shall give the exact description of the boundary line as traced on the spot; maps signed by the commissioners shall be annexed to the report. This report with its annexes shall be drawn up in triplicate, one of these shall be deposited in the archives of the League of Nations, one shall be kept by the Government of the Republic and one by His Britannic Majesty's Government.

²⁹ Not printed.

ARTICLE 2

The mandatory shall be responsible for the peace, order and good government of the territory, and for the promotion to the utmost of the material and moral well-being and the social progress of its inhabitants.

ARTICLE 3

The mandatory shall not establish in the territory any military or naval bases, nor erect any fortifications nor organize any native military force except for local police purposes and for the defense of the territory.

It is understood, however, that the troops thus raised may, in the event of general war, be utilized to repulse an attack or for defense of the territory outside that over which the mandate is administered.

ARTICLE 4

The mandatory:

- (i) shall provide for the eventual emancipation of all slaves and for as speedy an elimination of domestic and other slavery as social conditions will allow;
- (ii) shall suppress all forms of slave trade;
- (iii) shall prohibit all forms of forced or compulsory labor, except for essential public works and services and then only in return for adequate remuneration;
- (iv) shall protect the natives from abuse and measures of fraud and force by the careful supervision of labor contracts and the recruiting of labor;
- (v) shall exercise a strict control over the traffic in arms and ammunition and the sale of spirituous liquors.

ARTICLE 5

In the framing of laws relating to the holding or transference of land the mandatory shall take into consideration native laws and customs, and shall respect the rights and safeguard the interests of the native population.

No native land may be transferred, except between natives, without the previous consent of the public authorities, and no real rights over native land in favor of non-natives may be created except with the same consent.

The mandatory shall promulgate strict regulations against usury.

ARTICLE 6

The mandatory shall secure to all nationals of states members of the League of Nations the same rights as are enjoyed in the terri-

tory by his own nationals in respect of entry into and residence in the territory, the protection of person and property, the acquisition of personal and real property, the exercise of their profession or trade, subject only to the requirements of public order, and on condition of compliance with the local law.

Further, the mandatory shall ensure to all nationals of states members of the League of Nations, on the same footing as his own nationals, freedom of transit and navigation, and complete economic, commercial, and industrial equality; provided that the mandatory shall be free to organize essential public works and services on such terms and conditions as he thinks just.

Concessions for the development of the natural resources of the territory shall be granted by the mandatory without distinction on grounds of nationality between the nationals of all states members of the League of Nations, but on such conditions as will maintain intact the authority of the local government.

Concessions having the character of a general monopoly shall not be granted. This provision does not affect the right of the mandatory to create monopolies of a purely fiscal character in the interest of the territory under mandate and in order to provide the territory with fiscal resources which seem best suited to the local requirements; or, in certain cases, to carry out the development of natural resources either directly by the state or by a controlled agency, provided that there shall result therefrom no monopoly of the natural resources for the benefit of the mandatory or his nationals, directly or indirectly, or any preferential advantage which shall be inconsistent with the economic, commercial, and industrial equality hereinafter guaranteed.

The rights conferred by this article extend equally to companies and associations organized in accordance with the law of any of the members of the League of Nations, subject only to the requirements of public order, and on condition of compliance with the local law.

ARTICLE 7

Subject to the provisions of any local law for the maintenance of public order and good morals, the mandatory shall ensure throughout the territory freedom of conscience and free exercise of all forms of worship, and, subject to the supervision which would be necessary for the maintenance of good administration, shall grant freedom to all missionaries, nationals of any state member of the League of Nations, to enter, travel, and reside in the territory for the purpose

of exercising their calling, to acquire and hold property, to erect buildings for religious purposes, and to open schools.

ARTICLE 8

The mandatory shall apply to the territory any general international conventions applicable to his contiguous territory.

ARTICLE 9

The mandatory shall have full powers of administration and legislation in the area subject to the mandate. This area shall be administered in accordance with the laws of the mandatory as an integral part of his territory and subject to the preceding provisions.

The mandatory shall therefore be at liberty to apply his laws to the territory under the mandate subject to the modifications required by local conditions, and to constitute the territory into a customs, fiscal, or administrative union or federation with the adjacent territories under his sovereignty or control, on condition that the measures adopted to this end do not operate against the provisions of the present mandate.

ARTICLE 10

The mandatory shall make an annual report to the Council of the League of Nations. This report shall contain full information concerning the measures taken to apply the provisions of the present mandate.

ARTICLE 11

The consent of the Council of the League of Nations is required for any modification of the terms of the present mandate.

ARTICLE 12

If any dispute whatever should arise between the members of the League of Nations relating to the interpretation or application of the present mandate which cannot be settled by negotiations, this dispute shall be submitted to the Permanent Court of International Justice provided for by article 14 of the Covenant of the League of Nations.

The present copy shall be deposited in the archives of the League of Nations. Certified copies shall be forwarded by the Secretary General of the League of Nations to all members of the League.

[Enclosure 3—Translation ²⁰]

*Draft Convention between the United States and France Regarding
the Mandate for the Cameroons*²¹

WHEREAS by article 119 of the Treaty of Peace of Versailles of June 28, 1919, Germany renounced in favor of the Principal Allied and Associated Powers all her rights and titles over her oversea possessions,

WHEREAS by article 22 of the said Treaty it was stipulated that certain territories, which as a result of the war have ceased to be under the sovereignty of the states which formerly governed them, should be placed under the mandate of another power and that the terms of the mandate should be expressly defined in each case by the Council of the League of Nations,

WHEREAS the Principal Allied and Associated Powers have agreed that France should exercise the mandate over a part of the territory of the Cameroons,

WHEREAS, the terms of this mandate have been defined as follows by the Council of the League of Nations:

(Text of mandate.)

WHEREAS the United States of America, by participating in the war against Germany contributed to her defeat and to the renunciation of her rights and titles to her oversea possessions but has not ratified the Treaty of Versailles,

WHEREAS the President of the United States desires to give his adhesion to the exercise by France of a mandate over a part of the territory of the Cameroons,

WHEREAS, lastly, the French Republic as mandatory power for a part of the territory of the Cameroons desires to assure in this territory to the United States of America and its citizens the same rights as they would enjoy if the United States were a member of the League of Nations,

To this end, the President of the French Republic and the President of the United States of America have decided to conclude a convention and have nominated as their plenipotentiaries . . . who, having exchanged their full powers which were recognized as being in good and due form, have agreed to the following provisions:

ARTICLE 1

Subject to the provisions of the present convention, the United States of America declares itself in accord that France shall be

²⁰ File translation revised.

²¹ The same, *mutatis mutandis*, as draft convention for Togoland (file no. 862p.01/11).

entrusted with the aforementioned mandate over a part of the Cameroons, hereafter designated under the name of mandated territory, and shall exercise the administration pursuant to the terms of the said mandate.

ARTICLE 2

The United States and its nationals shall enjoy and benefit by all the obligations assumed by France by the terms of this mandate, including the engagements concerning equality from the point of view of commercial facilities, notwithstanding the fact that the United States is not a member of the League of Nations.

ARTICLE 3

The property rights acquired by Americans in the mandated territory will be respected and not infringed upon in any manner.

ARTICLE 4

A duplicate of the annual report, which the mandatory power must make in execution of Article II [10] of the mandate, will be sent to the Government of the United States.

ARTICLE 5

The modifications which might be made to the terms of the mandate reported above, shall be without effect on any of the provisions contained in the present convention unless these modifications shall have received the consent of the United States.

ARTICLE 6

Extradition treaties and conventions in force between France and the United States of America shall apply to the mandated territory.

ARTICLE 7

The present convention shall be ratified pursuant to the respective constitutional methods of the high contracting parties. Ratifications shall be exchanged at Paris as soon as possible. The present convention shall take effect from the date of the exchange of ratifications.

In testimony whereof, etc.

Done in duplicate at Paris, etc.

862q.01/6

The Department of State to the French Embassy

MEMORANDUM

The Department of State has received from the American Ambassador at Paris a translation of a draft treaty with respect to the French mandate for the Cameroons, and the substance of a note, dated June 28, from the Minister for Foreign Affairs enclosing the text of the French mandates for Togoland and the Cameroons. It is stated in the note that Monsieur Poincaré hopes that the proposed text of these mandates will meet with the approval of the Government of the United States and that Monsieur Poincaré is ready to sign treaties relative to the French Mandates in Africa as soon as the Council of the League of Nations shall have approved the amended texts of the Mandates. The French Government has called attention to the urgency of reaching an agreement on the mandates for the territories in Africa, so that these mandates may be submitted to the Council of the League of Nations at its next meeting on July 15.

The proposals of the French Government with respect to the draft treaty have been examined, and it is deemed necessary to present a few observations with respect to questions raised by the draft concerning which it is believed there should be no difficulty in reaching an understanding. It is especially desired that the model of the treaty of the United States with Japan regarding the mandate over former German Islands in the Pacific Ocean³² should be followed as closely as possible.

It is deemed desirable that following the second paragraph of the preamble there should be inserted a recital with respect to the Treaty concluded August 25, 1921, between the United States and Germany. The United States did not become a party to the Treaty of Versailles, but Germany has agreed to accord to the United States rights and benefits stipulated for the benefit of the United States in the Treaty of Versailles, including rights and benefits under Section 119 of that Treaty. A copy of the Treaty of August 25, 1921, is annexed to this memorandum.³³ A recital of the fact will doubtless not be objectionable to the French Government, and it is therefore suggested that the following paragraph be inserted, which is the same terms as the recital in the Treaty with Japan:

"Whereas the benefits accruing to the United States under the aforesaid Article 119 of the Treaty of Versailles were confirmed by

³² *Post*, p. 600.

³³ *Foreign Relations*, 1921, vol. II, p. 29.

the Treaty between the United States and Germany, signed on August 25, 1921, to restore friendly relations between the two nations."

As pointed out in the memorandum given by the American Embassy in Paris to the French Government on August 9, 1921,³⁴ the assent of the United States to the exercise of mandates over former possessions of Germany, is not, under the constitutional system of the United States, exclusively within the authority of the President, and it is necessary that such an assent should be given by an appropriate treaty. In view of the fact that the United States has not agreed that the Government of the Republic should exercise a mandate over the former German colony of the Cameroons, it is considered desirable to substitute for the third paragraph of the preamble the following:

"Whereas four of the Principal Allied and Associated Powers, to wit: the British Empire, France, Italy and Japan, agreed that France should exercise the mandate for part of the former German Colony of the Cameroons."

It is deemed advisable that, in reciting in the preamble of the proposed treaty the terms of the mandate, only the articles of the mandate should be inserted and not the preamble of the mandate. This will avoid the inclusion of the recital in the mandate that "the Principal Allied and Associated Powers agreed that a mandate should be conferred". This, as has already been pointed out, is not an accurate recital, as the United States has not so agreed.

Note has been taken of the use in Article 1 of the draft treaty of the expression "declares itself in accord". It may be pointed out that the Treaty between the United States and Japan, the purposes of which are similar to those of the proposed treaty, uses the word "consents". That Treaty has been ratified by both countries, and the exchange of ratifications is about to take place. It is therefore deemed to be desirable that the same expression should be used in the English text of the Treaty between the United States and France. There appears to be no substantial difference in the meaning of that expression and the expression used in the French text.

It is suggested that it would be desirable that a substitution should be made for the second and third paragraphs of the preamble following the recital of the terms of the mandate, and that without subsequent repetitions the general purpose of the treaty could be briefly and succinctly stated, as is done in the Treaty with Japan, in a paragraph reading as follows:

³⁴ See telegram no. 377, Aug. 7, 1921, to the Ambassador in France, *ibid.*, vol. I, p. 922.

"Whereas the Government of the United States and the Government of the French Republic desire to reach a definite understanding with regard to the rights of the two Governments and their respective nationals in the aforesaid former German Colony of the Cameroons".

With respect to Article 1 of the draft treaty, the following is suggested as a more appropriate form:

"Subject to the provisions of the present Convention, the United States consents to the administration by the Government of the Republic, pursuant to the aforesaid mandate of the former German territory, described in Article 1 of the mandate."

The phrase "including the engagements concerning equality from the point of view of commercial facilities" appearing in Article 2 would seem to be unnecessary in view of the fact that it is the purpose of the Article to place the United States and its nationals on a footing of equality generally as regards all rights and benefits defined by the mandate with all members of the League of Nations and their nationals. It is suggested that the purposes of this Article might be fully and accurately expressed as follows:

"The United States and its nationals shall have and enjoy all the rights and benefits secured under the terms of Articles 2, 3, 4, 5, 6, 7, 8, and 9 of the mandate to members of the League of Nations and their nationals, notwithstanding the fact that the United States is not a member of the League of Nations."

With respect to the mandate for the Cameroons, the French Government proposes to insert in the middle of Article 7, the following:

"Subject to the supervision which would be necessary for the maintenance of good administration".

The elimination of these words is suggested. It would seem that a limitation in such broad and vague terms would cast a doubt on the efficacy of the entire Article. It should be noted that the opening clause:

"Subject to the provisions of any local law for the maintenance of public order and public morals,"

should be deemed to qualify the whole Article and is sufficient for the apparent purpose.

What has been said with respect to the treaty and mandate in the case of the French mandate for the Cameroons will apply *mutatis mutandis* to the treaty and mandate in the case of the French mandate for Togoland.

WASHINGTON, July 8, 1922.

862q.01/6 : Telegram

The Secretary of State to the Ambassador in France (Herrick)

WASHINGTON, July 10, 1922—5 p. m.

216. Reference last paragraph my No. 213, July 8, 2 p.m.,^{84a} subject French mandates in Africa.

Following is text of proposed treaty between the United States and France concerning Cameroons mandate. This text will apply *mutatis mutandis* for Togoland:

“DRAFT TREATY WITH FRANCE: CAMEROONS

WHEREAS by article 119 of the Treaty of Peace signed at Versailles the 28th of June 1919, Germany renounced in favor of the Principal Allied and Associated Powers all her rights and titles over her oversea possessions; and

WHEREAS by article 22 of the same instrument it was provided that certain territories, which as a result of the war had ceased to be under the sovereignty of the States which formerly governed them, should be placed under the mandate of another Power, and that the terms of the mandate should be explicitly defined in each case by the Council of the League of Nations; and

WHEREAS the benefits accruing to the United States under the aforesaid Article 119 of the Treaty of Versailles were confirmed by the Treaty between the United States and Germany, signed on August 25, 1921, to restore friendly relations between the two nations; and

WHEREAS four of the Principal Allied and Associated Powers, to wit: the British Empire, France, Italy and Japan, agreed that France should exercise the mandate for part of the former German Colony of the Cameroons; and

WHEREAS the terms of the said mandate have been defined by the Council of the League of Nations as follows:—

(Terms of mandate, except the preamble.)

WHEREAS the United States of America by participating in the war against Germany contributed to her defeat and to the renunciation of her rights and titles over her oversea possessions, but has not ratified the Treaty of Versailles; and

WHEREAS the Government of the United States and the Government of the French Republic desire to reach a definite understanding with regard to the rights of the two Governments and their respective nationals in the aforesaid former German Colony of the Cameroons:

The President of the United States of America and the President of the French Republic have decided to conclude a convention to this effect, and have nominated as their plenipotentiaries

Who
have agreed as follows:—

^{84a} Not printed.

ARTICLE 1

Subject to the provisions of the present Convention, the United States consents to the administration by the Government of the French Republic, pursuant to the aforesaid mandate, of the former German territory, described in Article 1 of the mandate.

ARTICLE 2

The United States and its nationals shall have and enjoy all the rights and benefits secured under the terms of Articles 2, 3, 4, 5, 6, 7, 8, and 9 of the mandate to members of the League of Nations and their nationals, notwithstanding the fact that the United States is not a member of the League of Nations.

ARTICLE 3

Vested American property rights in the mandated territory shall be respected and in no way impaired.

ARTICLE 4

A duplicate of the annual report to be made by the mandatory under article 11 [10] of the mandate shall be furnished to the United States.

ARTICLE 5

Nothing contained in the present Convention shall be affected by any modification which may be made in the terms of the mandate as recited above unless such modification shall have been assented to by the United States.

ARTICLE 6

The extradition treaties and conventions in force between the United States and France shall apply to the mandated territory.

ARTICLE 7

The present Convention shall be ratified in accordance with the respective constitutional methods of the High Contracting Parties. The ratifications shall be exchanged in Paris as soon as practicable. It shall take effect on the date of the exchange of ratifications.

In witness whereof
Done in duplicate at this day of”

HUGHES

862q.01/9 : Telegram

The Ambassador in France (Herrick) to the Secretary of State

PARIS, July 12, 1922—7 p.m.

[Received July 13—12:52 a.m.]

283. Your 216 July 10, 5 p.m. Your text satisfactory to French Government except that it wishes recital relative to our treaty with Germany to read as follows:

"Benefits accruing under the aforesaid article 119 of the treaty of Versailles were confirmed to the United States by the treaty."

French translation of "confirmed" is "reconnus". There was also some discussion relative to the word "consents" in article 1 but it was finally agreed to by making French translation "declare acceptor".

Regarding your suggestion as to elimination from article 7 of the mandate of words "subject to the supervision which would be necessary for the maintenance of good administration" French Government does not consider that they duplicate the opening clause. The opening clause relates to public order and public morals but not to particular conditions which it is necessary to provide for such as the acquisition of property or the opening of schools. Thus any acquisition of property must be registered; while as to schools certain standards in regard to teaching must be demanded, for example that teachers must be properly qualified as such in their own countries. Further it may be necessary to impose certain restrictions at least temporarily on the teaching of the German language. None of these conditions affect either public order or morals. Foreign Office points out also that these conditions are applicable to all residents, French as well as others. French Government is unable therefore to accept your suggestion and hopes you will not insist upon it.

HERRICK

862q.01/9 : Telegram

*The Secretary of State to the Ambassador in France (Herrick)*³⁵

WASHINGTON, July 13, 1922—6 p.m.

222. Your 283, July 12, 7 P.M.

When the Memorandum of July 8, relating to the French mandates for Togoland and the Cameroons was handed to the French Ambassador at Washington, the Department had not received full revised text of mandates, which were enclosed with your despatches No. 2084³⁶ and 2086 of June 30, 1922. You will make this clear to M. Poincaré when handing him Memorandum in the sense of the following:

My Government has now received a full text of the note from the Foreign Office to the Embassy dated June 28, 1922,³⁷ regarding the mandate for the Cameroons, together with the text in full of the draft treaties for the Cameroons and Togoland and the text of

³⁵ This telegram has been corrected in accordance with instructions in telegram no. 227, July 15, to the Ambassador in France, not printed.

³⁶ Not printed.

³⁷ *Ante*, p. 138.

the mandates as now proposed by the French Government for those territories.

With respect to the suggestion of the French Government that the phrase "subject to the supervision which would be necessary for the maintenance of good administration" be included in Article 7 of the mandates, my Government, as heretofore been pointed out, feels that such a limitation would cast a doubt on the efficacy of the entire Article. If the French Government insists on its retention in the mandate, my Government would consider it necessary that there should be inserted in the Convention between the United States and France relative to this mandate the Article which was proposed for insertion into the conventions respecting the mandates for Palestine and for Syria and the Lebanon, namely, the following:

"Subject to the provisions of any local law for the maintenance of public order and public morals, the nationals of the United States will be permitted freely to establish and maintain educational, philanthropic, and religious institutions in the mandate territory, to receive voluntary applicants, and to teach in the English language."

It is gratifying to my Government to note that it is in accord with the French Government with regard to other points relating to the form of the mandate and the convention between the two Governments. There is no objection to the French Government's suggestion with respect to the recital concerning the Treaty between the United States and Germany. It is understood that, in accordance with that suggestion, the recital would read as follows:

Whereas benefits accruing under the aforesaid Article 119 of the Treaty of Versailles were confirmed to the United States by the Treaty between the United States and Germany, signed on August 25, 1921, to restore friendly relations between the two nations

As has heretofore been stated, my Government considers that there is no substantial difference in the text of Article 1 of the convention as originally proposed by the French Government and the English text proposed by my Government, and the same seems true with reference to the language now proposed by the French Government. Either expression in the French text is acceptable to my Government.

HUGHES

862q.01/17

The Ambassador in France (Herrick) to the Secretary of State

No. 2660

PARIS, December 8, 1922.

[Received December 27.]

SIR: With reference to the Department's telegraphic instruction No. 283 [222] of July 12 [13], 7 [6] P.M., relative to the French Mandates for Togoland and the Cameroons, I have the honor to transmit herewith enclosed a copy and translation of a Note dated December 5, 1922,³⁸ from the Ministry for Foreign Affairs on this

³⁸ Not printed.

subject. It will be noted that the Foreign Office states that the proposals of the Government of the United States in regard to the text of Article 7 of these mandates have had the consideration of the French Government, but that the latter does not deem it possible to modify the spirit of the mandates. It is alleged that the text of Article 7 of the Mandates for Togoland and the Cameroons, as approved on July 20, 1922, by the Council of the League of Nations, is a reproduction of the text which appears in the American-Japanese Treaty concerning the Pacific Islands. The Foreign Office claims that, should American missionaries be granted the right to teach in English in their churches and schools in Togoland and the Cameroons, the same privilege would be claimed by missionaries belonging to other nationalities and speaking other languages; that only a common language, which should be that of the Mandatory, can promote a close collaboration of the inhabitants with the authorities. It is held that children receiving education in any other language would be placed in an inferior position toward those who have received instruction in French schools and the Foreign Office gives its reasons for this point of view. The Note concludes with the request that the considerations set forth therein be submitted to the Government of the United States and expresses the hope that it will admit the reasons for which the French Government asks that the text of the Franco-American Treaty, relative to the territories of Mandate B, should diverge as little as possible from the text of the Mandates as they were approved by the Council of the League of Nations.

I have [etc.]

MYRON T. HERRICK

862q.01/17 : Telegram

The Secretary of State to the Ambassador in France (Herrick)

WASHINGTON, February 1, 1923—6 p.m.

48. French note of December 5, 1922,³⁹ concerning B mandates, transmitted with your despatch No. 2660, December 8, 1922.

Please transmit to M. Poincaré a memorandum as follows:

"My Government has given careful consideration to the views advanced in your note of December 5, 1922, with regard to the proposed treaties for the Cameroons and Togoland and the French mandates for those territories.

It is noted that since the date of the Embassy's last note on this matter, Article 7 of the mandates for the Cameroons and Togoland has been redrafted and that the final text of this Article, as confirmed by the Council of the League of Nations on July 20, 1922,

³⁹ Not printed.

is substantially similar to paragraph 1 of Article II of the treaty between the United States and Japan, regarding the former German Islands north of the equator, signed February 11, 1922. My Government will therefore not object to the text of Article 7 as defined by the Council of the League of Nations. It is understood, however, that such acquiescence in no way affects the position heretofore taken by this Government in regard to American missionary and educational institutions in "A" mandate territories.

On the above understanding, my Government is willing to proceed immediately to the signature of these conventions.⁴⁰

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HUGHES

REPRESENTATIONS BY THE UNITED STATES ON BEHALF OF AMERICAN CABLE COMPANIES FOR PERMISSION TO OPEN OFFICES IN FRANCE FOR DEALING DIRECTLY WITH THE PUBLIC

851.73/171

The Secretary of State to the Ambassador in France (Wallace)

No. 818

WASHINGTON, April 25, 1921.

SIR: The Department refers to your despatch No. 1703 of October 13, 1920,⁴¹ transmitting a note dated October 12, 1920,⁴¹ received from the French Foreign Office relative to the applications of the Western Union and Commercial Cable Companies for permission to open offices in France so that they can deal directly with the public. The note states that "in view of the laws and regulations governing the telegraphic service in France which has been instituted as a State Monopoly, the Under-Secretary of State for Posts and Telegraphs has not deemed it possible to give the Commercial Cable Company satisfaction on that point."

The Department encloses herewith a copy of a letter dated April 7, 1921⁴¹ received from the President of the Commercial Cable Company setting forth the grounds on which it is believed that his company should be allowed to open public offices in France and to deal directly with the public as reciprocal to the right granted to the French Cable Company to open public offices in the United States and to deal directly with the public here.

You are requested to transmit a copy of this letter to the Foreign Office and to invite its attention to the statement that messages collected by the French telegraph offices bearing no routing directions are turned over to the French Cable Company, which of course

⁴⁰The remainder of the telegram relates to the preparation of the English texts.

⁴¹Not printed.

makes it necessary for senders desiring to use the lines of the American companies to add routing directions indicating the cable over which it is desired that the messages shall be transmitted. You will point out that the necessity for routing directions would apparently be removed to a large extent if American cable companies were allowed to open offices in the principal cities of France in which they could deal directly with the public.

You will also call attention to the discussion in the Company's letter of the French law of November 29, 1850, referred to in the note of the Foreign Office, dated October 12, 1920, and you will inquire whether this law was not intended solely for the purpose of preventing telegraphic installations without the consent of the Government, as apparently there is nothing in the law to forbid the Government from granting any concession it may decide to grant. You will add that the Department is informed that an examination of the French laws on the subject does not disclose that any law has been enacted that expressly forbids the French Government from granting the applications in question. You will also state that in any event the reference of the French Government to the law of November 29, 1850, as having created a monopoly in favor of the French Government for communication by telegraph, is not considered by this Government as responsive to its representations that American cable companies doing business in France should be given more liberal treatment than they at present enjoy. If the granting of such treatment is prohibited by existing French law, it is the view of this Government that the law should be modified so as to make it possible for the French Government to accord to these American companies a measure of the liberal treatment accorded French companies in the United States. You will remind the Foreign Office that at the present time the French Cable Company has seven offices in New York City at which messages are received from the public and from which messages are delivered to the public; that the French company also leases and owns land lines in the United States between its various telegraph offices and its cable termini at Coney Island, New York, and Cape Cod, Massachusetts, and that these privileges in the United States are identical with those enjoyed by American cable companies. The desirability for reciprocity in these matters will doubtless be apparent to the French Government. Presumably, the French Government does not expect that the French Cable Company should continue to enjoy the liberal treatment now accorded it under the laws of the United States, if American cable concerns in France are deprived of the facilities necessary to efficient operation there.

You are requested to ask the French authorities to give careful consideration to the particular privileges which the Commercial Cable Company desires to obtain and which are summarized at the end of the letter enclosed herewith.

You will please use your best efforts to bring about a prompt and satisfactory settlement of this question, which is of considerable concern in this country at the present time.

I am [etc.]

CHARLES E. HUGHES

851.73/207

The Ambassador in France (Herrick) to the Secretary of State

No. 51

PARIS, July 28, 1921.

[Received August 10.]

SIR: In reply to the Department's Instruction No. 896, (File No. 851.73/171), of July 11, 1921,⁴² relative to the request of American cable companies to open offices in France, I have the honor to report that no reply has as yet been received from the Foreign Office in response to the representations made by the Embassy pursuant to the Department's Instruction No. 818 of April 25th last.

About a month ago, enquiries at the Foreign Office revealed the fact that the French Telegraph Administration still maintained its opposition to the demands of the American companies and that, any reply received, would therefore be unfavorable.

The Embassy got in touch with the representatives of the Commercial Cable and Western Union companies and obtained further information as to the privileges accorded the Radio-France Company in Paris and also as to the facilities granted the American companies by the British Telegraph Administration. This information was conveyed to the Foreign Office in various informal conversations and every effort made to impress upon them the importance which our Government attached to this question, and the advantages which would accrue to France by reason of the improvement in cable communications.

From recent conversations at the Foreign Office, I believe that the French reply, which I expect to receive shortly, will not be unfavorable, but will be something in the nature of a compromise whereby the companies will be given permission to open offices under the auspices of the Telegraph Administration, provided they employ officials of the P. T. T. for the handling, but not for the sending, of messages. This, I understand, would be satisfactory to the American companies.

I have [etc.]

MYRON T. HERRICK

⁴² Not printed.

851.78/207

The Secretary of State to the Ambassador in France (Herrick)

No. 66

WASHINGTON, September 26, 1921.

SIR: The Department has received your despatch No. 51, of July 28, 1921, relative to the applications of the Western Union and Commercial Cable Companies for permission to open offices in France so that they can deal directly with the people, and encloses herewith, for your consideration, a copy of a letter dated August 22, 1921,⁴² received by the Department from the President of the Commercial Cable Company, dealing with this matter.

Reference is made to the last paragraph of your despatch of July 28, 1921, in which you stated that you believed that the French reply which you expected to receive at an early date would not be unfavorable, but would be something in the nature of a compromise whereby the American companies would be given permission to open offices under the auspices of the Telegraph Administration, provided officials of the Post Telegraph and Telephone Services were employed for handling, but not for sending the messages.

You will please report whether you have received a reply from the Foreign Office, and if you have not received a reply, you are requested to urge the Foreign Office to expedite its decision in this matter.

As regards the statements in the letter of August 22, 1921, from the Commercial Cable Company regarding the discrimination which is said to exist in favor of French cable and wireless companies in the sending of messages, you will please ascertain whether these statements are true and, if so, you will discreetly bring this discrimination to the attention of the Foreign Office, pointing out that American companies object to the further extension to the French Cable Company of the privilege of opening offices and dealing directly with the public in the United States on equal terms with the American companies, so long as this discrimination against American cable companies is practiced by France.

The "Kellogg Bill", referred to in the last paragraph of the letter of the Commercial Cable Company, is the Act of Congress approved May 27, 1921, two copies of which were forwarded to you with the Department's instruction No. 896 of July 11, 1921.⁴³

For your personal information and guidance attention is invited to the fact that the Act of Congress approved May 27, 1921,⁴⁴ provides for the regulation of the landing and operation of submarine cables in the United States. The Department is considering what steps it should take under the provisions of this Act with a view to

⁴² Not printed.

⁴⁴ 42 Stat. 8.

terminating the privileges enjoyed by the French Cable Company of opening offices and dealing directly with the public on American territory, in case the French authorities decline to grant reciprocal treatment to American cable companies operating in France.

Please forward to the Department a report regarding the matter as promptly as possible.

I am [etc.]

For the Secretary of State:

ROBERT WOODS BLISS

851.73/227

The Chargé in France (Whitehouse) to the Acting Secretary of State

No. 2284

PARIS, September 1, 1922.

[Received September 12.]

SIR: I have the honor to transmit herewith copy and translation in triplicate of the reply of the French Government⁴⁶ to our request of a year ago relative to the opening of offices in France by the American cable companies. On account of pressure of work and the fact that the enclosures are undoubtedly familiar to the Department, they are transmitted herewith as received from the Foreign Office.

The only interesting point in the note is the offer to allow the Commercial Cable Company to open one public bureau in Paris. This offer, however, is unfortunately conditional on the satisfactory settlement of the question of the German cables.

I had quite a long conversation with Mr. Jusserand at the Foreign Office the other day and from the language and arguments employed in the note, I think it is probable that he wrote it.

I have [etc.]

SHELDON WHITEHOUSE

851.73/227

The Secretary of State to the Ambassador in France (Herrick)

No. 463

WASHINGTON, November 1, 1922.

SIR: The Department refers to your despatch No. 2284, of September 1, 1922, transmitting a copy of the reply of the French Government with respect to the applications of American cable companies for permission to open offices in France, and encloses for your information and appropriate use, a copy of a despatch, No. 1078,

⁴⁶ Not printed.

dated September 14, 1922,⁴⁷ received from the American Legation at the Hague and copies of letters, dated October 7 and October 9, 1922,⁴⁷ received from the Commercial Cable Company and the Western Union Telegraph Company, respectively, with regard to agreements which have been concluded with the Netherlands Government for opening cable offices by these companies in Holland for dealing directly with the public. You will note that the President of the Western Union Telegraph Company expresses the hope that his company may be able to conclude a similar agreement with the French Government.

You may inform the Foreign Office concerning the favorable action taken by the Netherlands Government on this question, and you will urge the French Government to extend similar treatment to these American cable companies, submitting a report to the Department.

I am [etc.]

For the Secretary of State:

LELAND HARRISON

⁴⁷ Not printed.

GERMANY

EFFORTS OF THE UNITED STATES TO ASSIST IN THE SOLUTION OF THE PROBLEMS OF GERMAN REPARATION¹

862.51/1537

*The German Chargé (Von Thermann) to the Acting Secretary of
State*

The German Chargé d'Affaires a. i. presents his compliments to the Hon. Secretary of State and has the honor to submit, by direct instruction of the German Government, the following:

Representatives of all German Labor Unions (Gewerkschaften) and Federations of Employees (Angestellten-Verbände) have informed the German Government that, in consequence of the mark catastrophe, perfectly impossible conditions have been created for the existence of the broad masses of the German people. The value of the dollar is 2,000.- marks to-day. Extensive scarcity of means of payment is already felt. The German Chargé d'Affaires a. i., therefore, has the honor to call the attention of the U. S. Government to the situation in Germany. The present German Government has done all in her power politically to fulfill her obligations. The declaration of the unions mentioned above, which have been faithful supporters of this policy, proves the absolute necessity of immediate help from outside.

WASHINGTON, August 26, 1922.

862.51/1537 : Telegram

*The Acting Secretary of State to the Secretary of State*²

WASHINGTON, August 28, 1922—3 p.m.

6. On Saturday the German Chargé presented, under instructions, a brief note reciting the seriousness of the economic situation in Germany, the fact that dollar is two thousand marks, the extensive scarcity of means of payment; that Germany has done all in her power politically to fulfill her obligations, and referring to "the absolute need of immediate help from outside". In addition, German

¹ Continued from *Foreign Relations*, 1921, vol. II, pp. 36-58.

² On board the S. S. *Pan America*, en route to Brazil.

Chargé expressed the hope that the President could make some public statement showing his appreciation of the dangers of the economic situation in Germany. Inasmuch as there is to be a final meeting of the Reparations Commission with German delegates in attendance on Wednesday, I feel it would be unwise for us in any way to inject ourselves into the situation at this moment, and did not, therefore, give any encouragement to this request of the Chargé. I immediately cabled Houghton the substance of the note, and asked for his comments, which have not been received as yet.

This morning, however, I am in receipt of a delayed dispatch from Houghton dated August 25th, as follows:

"Was called to Chancellor's house last evening and talked with Von Simson,^a who had been directed by Chancellor to make me following statement:

'It is impossible to surrender mines and forests as security for five months moratorium, first, because these properties belong substantially to individual states and not to Reich, and second, because such action would leave Germany stripped bare and without adequate security for necessary extension of moratorium. Bergmann^b however offered Bradbury^c and Maucière^d to put up fifty million gold marks in foreign securities which government holds, to cover any default in deliveries of coal and wood. Chancellor hesitated to accept this proposal but finally agreed. Proposal agreeable also to Bradbury and Maucière. This was Wednesday night. Yesterday noon when negotiations were resumed Maucière presented telegram from Paris in which Bergmann's proposal was flatly declined. Bradbury then proposed, in case of default, any mine or forest could be taken by Reparation Commission and used to make up default but in case default was not made up title of property was to pass definitely into the hands of commission. This proposition was declined by the Germans on the ground that they could not foresee what requisitions would be made at any time. Bradbury then asked them to have confidence in commission which Germans naturally refused, and then said frankly that under existing conditions England would simply stand aside and preserve a sulky neutrality and let France proceed.'

In my opinion negotiations are now at complete deadlock. Rumored that Maucière has been ordered to return to Paris. D'Abernon^e is exceedingly active and working with Bradbury. D'Abernon's conception of situation strikes me as essentially that of apologetic. He thinks entire problem based on control of mark. Both he and Bradbury apparently agree that a resumption of gold standard based on one gold mark to 100 paper will save situation. Government has one milliard gold and two hundred milliard of paper outstanding and Bradbury thinks intrinsic value of mark somewhat less than half its present value. Personally I believe this conception entirely too narrow. Problem political as well as financial. Evident no agreement can now be reached on different elements in problem. It must be taken up as a whole. France will not take initial step however and Germany is afraid to in the belief that France does not

^a Of the German Ministry of Economics.

^b German representative with the Reparation Commission.

^c British representative on the Reparation Commission.

^d French assistant representative on the Reparation Commission.

^e British Ambassador in Germany.

want settlement and seeks merely to ruin Germany. Situation obviously tense and electrical. Signed Houghton."

If no agreement is reached at final meeting of Reparations Commission with German delegates Wednesday there may be an opportunity for this government to help the situation if we had some concrete proposals to put forward. The President writes me this morning that "I think this government would be very glad to be helpful in a practical and consistent way. Unless we are further advised, I do not understand what course we might helpfully pursue".

Of course it is to be hoped, and in my opinion it is very probable, that an agreement will be reached by the Reparations Commission with the Germans at the Wednesday meeting, but, in case no agreement is reached and the French carry out their threatened policy of seizing the national mines and forests in the Ruhr, then I should wish to know whether you would care to have the Department take any step other than the withdrawal of the troops from the Rhine. Would you, for instance, care to consider putting forward the suggestion which you had in mind before the receipt of the Balfour note? *

PHILLIPS

862.51/1538 : Telegram

The Ambassador in Germany (Houghton) to the Acting Secretary of State

[Paraphrase]

BERLIN, August 29, 1922—noon.

[Received August 30—3:08 a.m.]

172. The statement which was made to you by the German Chargé d'Affaires, August 26, did not pass through the Foreign Office but came direct from the Chancellor himself. It simply means this. The Chancellor regards as final the proposition now being considered by Reparation Commission, in which German industrialists guarantee Government against failure of coal and wood shipments. The Chancellor can go no further. The Chancellor will be unable to agree if France refuses proposition covered by [*sic*] Government demand for mines and forests and it is possible that his government may fall. The Chancellor's note is, therefore, a personal appeal to the Government of the United States to urge an acceptance of the proposition which is now before the Reparations Commission.

The Government also fears any offer on the part of the Belgians to accept German Government bills of exchange guaranteed by the

* Note of Aug. 1, 1922, to the French Ambassador in Great Britain, vol. I, p. 406.

Reichs Bank or D Banks, (1) because neither Reichs Bank nor D Banks will give guarantee and (2) because Government considers it an indirect attack on gold reserve. The feeling here is optimistic that the Commission will, in some form, accept proposition.

I have no comment to make on the above except to state that I doubt if any member of the Government really seriously expects the United States to take active steps to influence Reparation Commission. However, they realize that even an indirect expression of approval, as for instance through Logan,⁹ would have much weight. Being familiar with the desperate situation existing here, they cling to the hope that the United States will make its influence felt in some way in their behalf.

I am inclined to think that the English position here is somewhat weakened. I have reason to suspect that Foreign Office now believe England is seeking rather to weaken France by making a German loan impossible than to help save Germany. Therefore, any friendly gesture on the part of the United States will be very much appreciated.

HOUGHTON

862.51/1541 : Telegram

The Secretary of State to the Acting Secretary of State

S. S. "PAN AMERICA", August 30, 1922—noon.

[Received August 31—4:53 p. m.]

32. Your number 6, August 28, 3 p. m. I do not see that we can make any helpful suggestion while subject is a question for the Reparations Commission. If French have fully determined to act at once in case no agreement is reached no suggestion that you might make would affect their decision. I should not care to reach any final conclusion as to our course until further advised. Have the advantage of knowing precise situation after Commission's meeting. Keep me fully advised.

HUGHES

462.00 R 29/2100½

Memorandum by the Secretary of State of a Conversation with the German Ambassador (Wiedfeldt), October 9, 1922

[Extract]

2. Conditions in Germany. The Ambassador had a memorandum before him which he did not leave with the Secretary; said that he

⁹American unofficial assistant representative on the Reparation Commission.

wished to talk with the Secretary freely about conditions in Germany; said that they were becoming, as the Secretary must know, increasingly difficult; that the attitude of the United States is well understood; that it is entirely proper that the United States should expect Europe to do something to help itself before extending further relief; but that the situation was so critical and there was so much distrust that there was no Power but the United States that could command confidence and bring about a solution. The Ambassador said that the United States could insist upon several points. The first was that there should be a real peace in Europe; that armies should be reduced, and that there should be a cessation of threats; that Europe should understand help from the United States would come in case they abandoned their mutual distrust of each other and made a serious attempt to settle their economic questions. The second point was the necessity of dealing with German reparations. Then there was the question of the various debts owing by the Allies with which Germany was not concerned. It would be proper for the United States to insist that budgets should be reduced and a sound monetary basis be established in the various countries. The Ambassador enlarged upon these various propositions.

The Secretary said that he was glad to hear the Ambassador's statement and that he was fully appreciative of the difficulties to which the Ambassador had referred. The Secretary emphasized the importance of seeking a solution by taking the first practicable step. He said, for example, that it was idle to begin with political questions which would simply lead to an insistence upon the position which each nation deemed essential to its own policy. It was idle to expect that the responsible and political leaders of the various countries would find it possible, preliminary to a discussion of other questions, for example, of general reparations, to alter their national policies.

The Secretary said he thought the first question to be considered was the question of German reparations, and that that should be settled on a sound economic basis; that if this question were settled it would open the way to a better economic condition and to the adjustment of some of the other matters to which the Ambassador had referred. The Secretary hoped that a way would be found in the near future to have an impartial examination and settlement of this question. The Secretary said that he could not discuss these matters in detail, but that the questions which the Ambassador had raised were the subject of close study by this Department.

462.00 R 296/- : Telegram

The Secretary of State to the Ambassador in France (Herrick)

[Paraphrase]

WASHINGTON, October 9, 1922—4 p. m.

307. Have discussed fully with Lamont¹⁰ the suggestions I took up with you¹¹ as to effective consideration of reparation problem by financial experts. He has communicated with Morgan who will see you to discuss practicable steps.

HUGHES

462.00 R 296/2 : Telegram

The Ambassador in France (Herrick) to the Secretary of State

[Paraphrase]

PARIS, October 13, 1922—12 p. m.

[Received 12:25 p. m.]

397. Your 307 of October 9. I have conferred with Morgan and Boyden.¹² All agree that the situation is critical and that some action is imperative. However, Morgan declines flatly to take any initiative maintaining that it is a political matter and the initiative must come from the governments. He is sensitive about restrictions imposed last time on bankers commission¹³ but is willing to serve again on it if it is reconvened with restrictions removed.

HERRICK

462.00 R 29/2004 : Telegram

The Ambassador in France (Herrick) to the Secretary of State

PARIS, October 14, 1922—5 p. m.

[Received 7:55 p.m.¹⁴]

400. B-774. First. Latest fall mark led Bradbury submit Commission new plan for 1923-24. Begins expressing opinion [that] first consideration [is to] prevent complete demoralization Germany

¹⁰ Thomas W. Lamont of J. P. Morgan & Co.

¹¹ Presumably at Washington; Ambassador Herrick left Paris for the United States July 22 and did not return to his post until Oct. 12.

¹² American unofficial representative on the Reparation Commission.

¹³ A committee of bankers, including J. P. Morgan, appointed by the Reparation Commission in April, 1922, to consider conditions under which Germany might raise foreign loans to redeem in part the reparation debt. The committee reported on June 10. The text of the report was released in Paris to the press on the same date.

¹⁴ Telegram in three sections.

which ends all reparation or other payments. Demoralization can be prevented only by stabilizing mark which stabilization depends on balancing budget, stopping inflation and restoring confidence. Obviously impossible unless Germany wholly relieved from financial requirements [of] treaty for at least two years. Believes if this done good chance obtain three requisites mentioned above. Mark to be stabilized by announcing Reichsbank will pay gold for paper marks at figure to be determined, say one thousand to dollar, thinks under conditions mentioned demand for redemption marks slight, partly because confidence restored, partly because circulation at that rate less than adequate for commercial needs.

Second. Bradbury's plan keeps schedule payments in force until changed by governments, which change should be made at approaching Brussels Convention [*Conference*]¹⁵ by adoption German capacity as basis for demands upon Germany. To avoid absolute stoppage of payments and deliveries by Germany and at the same time relieve German budget, plan substitutes for cash payments of every kind required by treaty German five year bonds at sufficiently high rate interest to permit discount by any government which receives and guarantees them. Any country receiving deliveries in kind would be required to guarantee equivalent amount German bonds which Germany would use raise funds to pay for deliveries in kind. Of course not probable any government would require large payments or deliveries under these conditions.

Third. Delacroix¹⁶ expressed general accord with Bradbury's estimate situation and necessity immediate drastic action. Did not like bonds guaranteed Governments, preferred establish confidence by prompt announcement by Governments of acceptance principle of capacity [to pay], practical application to be on lines determined under advice of conference of business representatives of highest standing free from political control with understanding no payments of any kind [to be?] made by Germany except if and when compatible with balancing German budget. Delacroix did not like use Reichsbank gold to stabilize mark; suggested German loan for this purpose. This loan free of taxes, priority over treaty payments so that German capital already exported attracted back for subscription this [*the*] bonds thus furnishing funds for buying marks also strengthen general financial situation. Thought definite announcement acceptance principle of capacity would restore confidence sufficiently to make possible balancing budget and stabilization.

¹⁵ The proposed conference at Brussels on reparations and Interallied debts was not held; Interallied conferences on these subjects were held at London in Dec. 1922 and at Paris in Jan. 1923. See British Blue Book (Cmd. 1812), pp. 61 ff.

¹⁶ Belgian representative on the Reparation Commission.

Fourth. Summary Bradbury's plan will be given papers today. . . . Barthou¹⁷ objected to guarantee of bonds but said little more except indicate some sympathy with Delacroix proposed amendments. He will present counter plan next week.

Fifth. Bradbury's main thought unless something done immediately no possibility saving Germany. Wants Commission to do enough immediately to restore confidence so that proposed Brussels Conference may not meet under impossible conditions but may find situation better and unite on whatever necessary to accomplish results. England evidently not sure wants Brussels Conference because of mixed political situation and probability of general elections very soon also because feel Conference sure result in disagreement unless French willing to adopt remedial measures at once. Delacroix anxious eliminate governmental political character of proposed Conference by change to pure christianized [*sic*] conference based on principle of capacity hoping United States participate on this basis also hopes United States willing to discuss Interallied debt from this point of view, perhaps sending member Debt Commission¹⁸ to France through Paris Embassy with request postpone presentation French plan because presentation this plan practically sure make situation more difficult. All indications are French Government cannot change policy without such suggestion from outside.

Sixth. My judgment if United States does nothing France will not make sufficient concessions to meet situation. This opinion subject to possibility that England's determination to withdraw leaving whole responsibility to France may induce France accept principle of capacity but this unless hastened by some action United States likely take so long that useless if made and possibility seems remote. Our judgment is that England will withdraw unless satisfactory concession made. This policy natural and already intimated. While such situation deplorable, we regard such withdrawal as better than further compromise because German disaster certain unless bold and comprehensive action taken immediately and better come quickly than drag along. I have no faith in pledges of securities, sanctions or financial control. There is no remedy except restoration of confidence within and outside Germany. Even with most comprehensive action possibility of success doubtful at best and depends on Germany more than on outside nations who can do nothing effective except create conditions which make possible success of German effort for reform.

¹⁷ French representative on the Reparation Commission, succeeding Louis Dubois who resigned Oct. 6.

¹⁸ World War Foreign Debt Commission, created under act passed by Congress Feb. 9, 1922 (42 Stat., pt. I, 363).

Seventh. Rehabilitation of Germany necessitates as a matter of course terribly severe business crisis. This means not only usual industrial crisis which always follows cessation of inflation but will be greatly aggravated because for months all Germans have bought everything they could rather than hold constantly depreciating paper marks. They are stocked with far beyond actual needs so renewal of purchasing after crisis will be long postponed. Anyone who desires to be in control and responsible for Germany's finances during such crisis is a damn fool.

Eighth. We believe United States could turn scale by appeal to common sense on lines indicated memorandum which I prepared for Secretary Hughes during first visit to Washington.²⁰ Every country except France sure welcome this. Inclined to think even French Government would welcome for they cannot really believe their policy would bring practical results, but even if French Government not glad to be relieved of terrible responsibility for carrying out their policy alone they would in our judgment be forced to yield by world opinion and judgment of sane Frenchmen.

Ninth. If you think possible to act on lines indicated or any other lines, recommend immediate intimation for this purpose. France likely to insist any concession to Germany must be balanced by pledges of definite security and stringent financial control. Even on this basis probably would not make concrete concessions sufficient to meet situation although barely possible may permit discussion based on general principle of capacity. Should think great probability of France accepting this principle if could be applied to general settlement including Interallied debt. Boyden.

HERRICK

462.00 R 296/2a : Telegram

The Secretary of State to the Ambassador in France (Herrick)

[Paraphrase]

WASHINGTON, October 17, 1922—8 p.m.

321. For Ambassador and Boyden. Your 400 of October 14, B-774.

This is not an opportune time for formal statement by identic notes or otherwise to Powers as suggested. Such a course would not be advisable unless acceptance by Governments indicated by preliminary soundings. Question is not now of formulation of general propositions but of definite proposal. Essence of matter is that the question of German reparations should be considered imme-

²⁰ Not printed.

diately by a committee of business men with approval of the Governments, in order to have practical businesslike solution proposed by financiers of highest distinction in the various countries which would be accepted by Governments.

It is idle to propose any course leading to the discussion of Inter-allied debts, and especially of debts due United States. The Administration manifestly cannot favor such a discussion as the matter is for Congress and Congress has taken action. Any suggestion looking to a discussion of debts would cause violent opposition here and render a conference futile. To begin with the debt question is to start at the wrong end. If it should at any time appear advisable or necessary to take different action from that which Congress now contemplates in regard to French debt, it would only be after France's financial condition had been considered fully and its present undefined reparation asset reduced to certainty. To talk now about reduction or cancellation is merely a waste of time. This Government's position has always been that the question of debts is irrelevant to question of German reparations. Germany cannot pay one mark more or less because of what France may owe, and France cannot collect what Germany is unable to pay. Moreover, further delay in determining actual capacity of Germany to pay results merely in reducing the amount ultimately obtainable.

The question is, What can Germany pay? It should be resolved through financial men with approval of the Governments. I emphasize this in order to impress the futility of sending notes or issuing statements which will encourage retorts and attempts to start useless discussion.

I assume that Governments, except that of France, would favor the proposal for a committee which might virtually be continuance of former Committee of Bankers but without hampering restrictions. The first question, therefore, is as to the French attitude.

I have desired that every effort possible should be made, short of formal representations to induce favorable attitude by French Government. I suppose that you could have confidential and straightforward conversations with Poincaré and perhaps Barthou, and that powerful assistance could be given by Morgan. I assume that there is no prospect of French Government yielding in presence of public opinion to what savored of a public demand made by the Government of the United States, since at the same time French Government is refusing to discuss French debt. But I have hoped that actual facts of situation could be presented to Poincaré in a way that would induce favorable consideration of the suggestion for appointment immediately of a committee of businessmen. If there is favorable outlook at Paris we can readily arrange for simi-

lar discussions at other capitals. But it is important that United States should not submit a proposal on this question only to have it rejected.

I understand that Morgan is going to Rome on the 19th. I shall cable Child fully in anticipation of his visit after hearing again from you as to the situation in Paris.²¹

Present uncertainty respecting reparation settlement promotes economic disorganization in Germany where situation is becoming extremely critical and affects directly all nations having relations with Germany. French Government must recognize this. There is gravest necessity for prompt action, but I can see no prospect of an agreement unless Governments can arrange to interpose between themselves and their public the findings of impartial committee.

HUGHES

462.00 R 296/5½

Memorandum by the Secretary of State of a Conversation with the German Ambassador (Wiedfeldt), October 23, 1922

1. Army of Occupation. The Ambassador said that the report that the American troops were to be withdrawn from the Rhine caused a good deal of anxiety as their withdrawal would mean the substitution of French troops, and the presence of the American troops, although few in number, was of the greatest aid in maintaining a reasonable attitude.

The Secretary said that he could not make any definite commitment, but he did not think that the troops would be withdrawn for the present.²²

2. The Ambassador said that he had an urgent request from his Government to ask an audience with the President to lay before him the question of the troops on the Rhine and also the economic condition in Germany and the necessity for immediate relief through a settlement of the Reparations question. The Ambassador recalled that at his last interview the Secretary had told him, in confidence, that he was deeply interested in this question and favored some action by which an impartial report of financial men of highest authority could be obtained and that the matter should be taken out of politics and settled on its merits. The Ambassador understood that the Secretary contemplated taking some action along that line and thought that he would begin by sounding out Germany.

²¹ The Department's instruction, Oct. 18, to Ambassador Child, which is similar in substance to this instruction to Ambassador Herrick, is not printed.

²² For papers concerning the withdrawal of American troops, see pp. 211 ff.

The Secretary said that the Ambassador was right in his recollection, so far as the general proposal of having a committee of business men with the acquiescence of the governments was concerned to endeavor to formulate a financial plan which would meet the situation. The Secretary said, however, that the Ambassador was mistaken in thinking that the Secretary intended to sound Germany first. The Secretary said he did not think that it would be necessary, as it would be more important to ascertain in an informal way at the outset whether the proposal would be favorably received by the French Government. The Secretary said he understood the exigency and was doing his best to see whether any practicable plan could be entered into, but he feared there was slight hope of success. The Ambassador said he had not communicated with his Government on the subject but asked if he were free to do so. The Secretary said he would prefer that there be no communication at this time because the publicity that might result would hinder rather than aid. The Secretary said he was not sanguine of being able to accomplish anything and if he could not accomplish something in the manner in which he had set about nothing whatever could be done. Publicity would simply give rise to all sorts of rumors which would serve no useful purpose. The Ambassador agreed to this.

The Secretary pointed out that nothing could be done without the voluntary action of the Powers entitled to reparations, and that if they were unwilling to consent to the suggestions that had been made nothing further could be done about them.

800.51/431

The Ambassador in Germany (Houghton) to the Secretary of State

BERLIN, October 23, 1922.

[Received November 11.]

MY DEAR MR. SECRETARY: I do not want to offer unsolicited advice. But I know you welcome an expression of the considered opinions of officers of the Government in Europe, who are able to study conditions at first hand. And one solution of the problem presented by our foreign loan remains so insistent in my mind, and seems to me to offer so much of advantage, that I venture to lay it before you.

As I understand the matter, the people of the United States want their European loans repaid. They remember that these loans were only part of a far greater expenditure,—many more billions of dollars, thousands of boys' lives, and countless thousands of other

boys who will go through life maimed and mutilated and crippled,—made to bring peace back into the world. They gave these lives and gave these billions to secure peace. And they did not get what they sought. There is greater hate, greater fear, greater suspicion and far greater unrest in Europe today than existed prior to the war. Realizing, then, their failure, and seeing only the apparently inevitable approach of another war, into which they themselves not unlikely may be drawn, they say, naturally enough,—“Pay us back our money. If we cancel your obligations, we shall merely enable you to make war on one another the sooner.” The position appears reasonable enough. It looks to be based on good common sense. It is nevertheless a counsel of despair because it fails to take into account one possibility. If the American people want peace, the way is still open. Peace can be obtained.

I mean this: Look pretty much where you will today in Europe, you find men and women living under conditions of great hardship,—insufficiently nourished, insufficiently clothed, unprotected against the bitter cold of the approaching winter. They live, literally, from hand to mouth. There is no future to beckon them on, unless it be the mirage of Bolshevism. These conditions exist in France and England and Italy just as truly as in Germany, although here the picture may be more sharply drawn. These men and women know, and they appreciate, thoroughly, the fact that not only their lives but their children's lives and the lives of their children's children, are involved. And the knowledge tends to break them down, physically and morally,—to fill their minds and hearts with sullen distrust. If now, under the existing conditions, our own debt be clamped down upon them, the situation obviously becomes worse. It may even be intensified beyond bearing. If, on the other hand, our debt were cancelled against other debts, a large part of the burden would be lifted. The situation would instantly become better. Despair would give way to hope, and with hope economic prosperity would quickly follow. Either course is open. We can make the conditions under which millions of human beings in Europe must live almost infinitely better, or we can make them almost infinitely worse. It is for us alone to decide.

Now we cannot wisely make an unconditional remission of what is owed us. That is certain. Unless peace is assured, the relief would be temporary. It might, in fact, even hasten the war which, unless relief comes, seems to me inevitable. But, obviously, such a statement leaves the fundamental question untouched. If peace is to come, it must come by the will of the peoples most concerned,—the European peoples. Why not then put the question squarely to

them? I do not mean to their governments. Governments have not been successful in avoiding war. We must, of course, deal through governments, but we can make it clear that the issue itself must be left for the people themselves to decide,—the men and women who work in factories or on farms or on railroads or in stores, who pay the bills of war with their bodies and perhaps with their souls, and who, even when victorious, reap no gain. Let them answer. We can, if we will, in this way, say to the plain people of England and France and Italy and Germany, that if, first, they will, by a plebiscite, agree not to make war on one another for fifty years; if, second, they will make it a part of their fundamental law that such a war cannot thereafter be declared except by their affirmative vote; and if, third, there shall be a substantial disarmament,—the American people, believing that peace, humanly speaking, would then be assured, will remit and cancel the debt. That much the American people can do, if they will. They can give the peoples of Europe an opportunity, hitherto denied them, to choose. If these peoples desire present conditions to endure, if they want to upbuild productive forces only to destroy them a little later by war, they can say so. If, on the other hand, they prefer the ways of peace and security and of mutual good will and helpfulness, that too lies open to them. The choice would then be theirs. The essential point to keep in mind is that the power of choice must be given these men and women. At present they are powerless. Each of these nations is caught in the gin of its own historic continuity. It is in a sort of groove. It cannot escape. If relief is to come, it must come from without. And the only people who possess the power to give the necessary impulse are the people of the United States. They can give the impulse that will lead to prosperity by giving the peoples of Europe the opportunity to choose the peace that leads to prosperity, and they can make the meaning of that choice both real and vital by making known just what is involved. And having done this, they will have done all that they can. Anything less is, I believe, a moral duty either neglected or refused. But the time is short. If we mean to do our part, we must not delay. Already the conditions are dangerous. Already the Bolshevist tide is beating against the barriers of European civilization. And if once those barriers go down, if the German people, in despair, believing that sympathy and help and understanding of their position are denied them, turn, for relief, to the East, the time is past. That tide will sweep resistlessly to the Atlantic. This is not mere rhetoric. I know reasonably well the situation in Germany. I know the minds of those most qualified to understand conditions here. I give it

as my sober judgment that either some measure of hope and assistance must soon be given these desperately pressed and despairing human beings, or the worst may be expected. They may get through the winter. I think they will. They may even get through the summer. That is possible. But, unless help reaches them, that is the end.

I have not thought it worth while to discuss whether it would be better to cancel the debt or to hold it in abeyance during the time allotted. I make no effort to bolster up my suggestion by economic arguments which point to our own greater prosperity when Europe is prosperous. I lay no stress whatever on the fact that we can probably collect only a fraction of what is owing us, and that at the cost of friendship. In my own poor opinion, the matter cannot be safely handled in terms such as these. God has been good to us in America. He has made it possible for us to create and pile up huge wealth. I believe most humbly that He has given our people also the vision, once the essential facts are laid before them, to use any necessary part of this wealth to bring about a real and, it may be, a lasting peace, among the four great nations involved.

There are, of course, a thousand practical objections. The time to meet and to settle such objections, however, it seems to me, is after peaceful conditions have been prescribed,—not before. I have limited my suggestion to four nations only. They are the important nations. The others can be dealt with when we see fit. I realize, too, that any one of the powers mentioned, by refusing, may block the entire plan. But if so, that power will be left in a most unenviable and isolated position, and the payment of its share of the debt must come as a matter of course. After all, my suggestion, offering the possibility of relief, puts the responsibility of repayment upon the European peoples where it belongs. We shall not thereafter be accused of trying to extort money from them which they believe in their hearts ought not to be paid.

I wish I could talk the situation over with you, for there are many things I should like to add, but will not. I hope you may consider the suggestion of sufficient importance, not in its details but in its essential thought, to discuss with the President, and that you will make such use of it as seems deservable. The Administration, so far as I know, has itself taken no position in this matter. It is merely following a Congressional order. The final word remains to be spoken. The most effective way to present the matter to our people would, of course, be through some one directly connected with the Administration. If, for reasons, this is not practicable, then I venture to suggest that you permit me to make it the basis of a short address, say on Thanksgiving Day, stating, frankly, that the sugges-

tion is merely personal. Inasmuch as the time between now and Thanksgiving Day is limited, will you not cable me whether I may go ahead with such an address? I know the situation is delicate. If you wish to know exactly what I would say, I shall be glad to cable the address to you at my own expense. Personally, after months of thought and consideration, here on the ground, I cannot escape the conscientious belief that the plan outlined offers not only the best but the *only* solution. Any other method leaves the fundamental problem unsolved.

Let me again apologize for the length of this communication. I have written it with a certain reluctance and wholly from a sense of duty. When one sees the forces of civilization in the balance, one must be lacking in moral courage to withhold any suggestion that points to safety, especially when this suggestion is the result of months of study and careful thought.

With high esteem [etc.]

A. B. HOUGHTON

462.00 R 296/4 : Telegram

The Ambassador in France (Herrick) to the Secretary of State

[Paraphrase]

PARIS October 23, 1922—7 p.m.

[Received 8:05 p.m.]

423. Department's 321 of October 17. Saw Poincaré yesterday morning and presented views in the Department's instruction. I emphasized these points: First, the impossibility of coupling the question of reparations with that of cancellation of Interallied debts. Second, with regard to the debts, Congress is the only body in United States competent to act and it has acted. Third, the necessity for immediate action by business men in a business-like manner.

Poincaré asked me to submit to him an *aide-mémoire* embodying my statements. I naturally refrained in view of the tone of the Department's instruction of October 17; especially as the views I presented under third point were advanced as expression of my own opinion.

Poincaré was characteristically noncommittal although he listened throughout with deep and sympathetic interest.

Am conferring with Boyden tomorrow, after unofficial meeting today of Reparation Commission, and will make another appointment with Poincaré at the earliest possible time. Will forward full despatch by the next pouch.

HERRICK

800.51/432

The Chief of the Division of Western European Affairs, Department of State (Castle), temporarily in Germany, to the Secretary of State

[BERLIN,] October 24, 1922.

[Received November 11.]

DEAR MR. SECRETARY: The Ambassador has shown me his letter to you on the subject of the possible cancellation of indebtedness. Of course I cannot presume to know whether the American people is yet in a frame of mind to go in for such a policy, but I agree with Mr. Houghton that if the situation could be put clearly and forcibly before the people, it would receive hearty support. I am very sure furthermore that in its general lines, at least, Mr. Harvey²³ would agree with Mr. Houghton's suggestion. It is quite clear that politically the Democrats would gain a tremendous initial advantage if they can make themselves the sponsors of a great moral issue. The American people as a whole respond to such issues. Furthermore the cancellation of the debt, with such provisos as Mr. Houghton has included, in his letter, would be a way and the only way I can see of really winning the war. That some such encouragement as would be given by an action of the kind on our part, is essential to keep Europe sane, is not a disputable proposition to anyone who has looked over the ground here even as casually as I have. Whether the suggestion should be put before the American people through such a speech as the Ambassador suggests, would be, of course, for you to decide. Certainly it would get wide publicity and might be the beginning of education of the people, which is, of course, essential before Congress could be persuaded to take any action. The ideal method of proclaiming our intention would be through an economic conference in Washington, but such proposals could not be made as you made so effectively at the beginning of the Washington Conference on Naval Disarmament, without having public opinion as strongly back of the Administration as it was then. This is why it seems to me preliminary education is so necessary, and why the first move might usefully be made here.

I am having an intensely interesting week in Germany and am looking and listening with all my might. I am, as you know, saying nothing, and if the newspapers should quote me in any way, you may know in advance that it is not true. I saw the reporters once, because Mr. Houghton wanted me to, but that was merely to enforce what he had said, that the conference of Ministers here was entirely without significance, that they merely were getting together to report

²³ George Harvey, American Ambassador in Great Britain.

to each other their own information on conditions in their respective countries, and that my being here was merely because I was in Europe on a vacation and was delighted to have the opportunity to hear from them about what was going on. Beyond that I have said nothing.

Respectfully yours,

W. R. CASTLE, Jr.

462.00 R 296/11

The Ambassador in France (Herrick) to the Secretary of State

PARIS, October 27, 1922.

[Received November 8.]

DEAR MR. SECRETARY: With reference to my telegram No. 423 of October 23, 7 P.M., the distinct impression that I received from an hour and a half conversation with M. Poincaré was that he had no definite plan, but was anxious to initiate or have initiated some policy of reorganization. I told him that it was the consensus of opinion among leading business men and bankers in our country that it was not too late to formulate a reconstruction plan that would be feasible and effective. In response to his inquiry as to what methods could be employed towards this end, I cited the case of the rehabilitation of our railroads after the panic of '93 when some 33% of them were in the hands of receivers and explained how one by one they were set up by Reorganization Committees, etc. I told him that in my opinion the situation here at the present time was analogous, that the time had come when Reconstruction and Reorganization Committees could be appointed and would be effective.

We spoke of the Bradbury plan and of the discussions thereon which seem to be leading to something concrete. I observed that he appeared to hope that something good will come out of the appointment of M. Barthou on the Reparation Commission.

During our conversation, I spoke of the disappointment of the Bankers' Meeting of last spring and referred to the fact that Mr. Morgan's ardor had been somewhat dampened because of the action of the French Reparation member under orders.

Far from being in the spirit of an obstruction, M. Poincaré is simply going along the lines of his nature which makes him rather reluctant to take the initiative. Like most Frenchmen he is looking behind rather than ahead to see if he will be backed up, but I do believe, as I have told you before, that he is the right man in the right place. While he appeared to be tired and worn when I left

Paris two months ago, he now seems in the best of condition and under no nervous strain.

He asked me to put my suggestions in the form of an *aide-mémoire*, but I stated that there was much in our conversation that was in the nature of a general talk; that while I felt that my Administration was in sympathy with what I had said and that I felt I had the approval of my chief, I did not feel justified in putting the matter in writing. I added, however, that he could regard as final the opinion expressed regarding the view of the United States Government that there was no relation between the question of Interallied debts and that of reparations.

MYRON T. HERRICK

462.00 R 29/2170½

*Memorandum by the Secretary of State of a Conversation with the
French Ambassador (Jusserand), November 7, 1922*

The Ambassador called to say that he had been informed by the President that this Government would send a representative to the economic conference²⁴ and he wished to take up the matter with the Secretary. The Secretary said that the Ambassador spoke rather more definitely about the conference than he had understood the situation warranted. So far as the Secretary knew the Conference had not yet been determined upon and this Government had not yet received an invitation. The Secretary asked whether the plans for the Conference had ripened. The Ambassador said that he thought the views of his Government were clear in the matter. The Secretary asked whether he was prepared to talk with respect to the views of the other Governments. The Ambassador said that he was not and admitted that the plans were still inchoate.

The Secretary said that this Government desired to be as helpful as possible in connection with the economic situation abroad; but that he was particularly desirous to avoid arousing false hopes or the putting of this Government in a position where it would seem to promise assistance that could not be given or a readiness to discuss matters which it was not free to discuss. The Secretary said that so far as the debts to the United States were concerned, the matter was not within Executive control; that it was a matter for Congress; that Congress had acted in the return of the Debt Commission and had strictly limited its authority; that the Executive could not empower any delegate to discuss matters that came within the purview

²⁴ The proposed conference at Brussels.

of this Congressional action. The Secretary said that there could be no modification of the present restrictions except by Congress, and that any attempt to discuss the matter of the debts in a foreign conference would be the reverse of helpfulness so far as Congressional sentiment was concerned.

The Ambassador said that he understood this clearly and that before any action was taken by the United States it would be necessary, of course, for the agenda of the Conference to be decided upon and to be arranged so as to be agreeable to the United States. The Secretary said he would await further information upon this point.

The Secretary then said that he was deeply interested in the solution of the economic problems abroad and desired to state to the Ambassador frankly and in a wholly informal and unofficial way what he thought might be a helpful course of action. He said that he did not think that the statesmen of the countries concerned could solve the matter by meeting together directly or through delegates responsible to foreign offices. He said that the governments were committed; they had the political situation in their countries to consider and hence their freedom of action was restricted and it was very difficult to have a financial plan developed which would fit the actual economic conditions. The Secretary said he hoped that in this emergency there might be found a way of enlisting authoritative financial opinion through a meeting of important financial men in the various countries with the sympathy and approval of the governments but acting freely in the sense that they were to formulate without restriction by instructions from foreign offices their views as to what should be done. In this way a financial plan could be formulated which the governments could accept because a plan thus formed would carry the highest weight and they could bow to it as inevitable. Such an arrangement would have the requisite financial backing in the various countries. The Secretary said that he had taken this up with Mr. Herrick and he understood that Mr. Herrick had presented the matter informally to M. Poincaré.

The Secretary also said that the fundamental point was the reparation problem; that France had an unsettled credit item for reparations; that nobody knew what the contents of this item would be; that the financial situation of France and its ability to meet its known obligations could not be determined until this item was fixed. This lay at the foundation of the whole economic question abroad, and the Secretary hoped that this reparation matter could be settled if it were arranged on its merits by business men of the highest authority because of their financial ability and intellectual integrity.

The Ambassador said that he agreed with what the Secretary had said and that he would take the matter up at once to see whether anything could be done along the lines suggested.

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862.51/1576 : Telegram

The Ambassador in Germany (Houghton) to the Secretary of State

BERLIN, November 9, 1922—9 p.m.

[Received November 10—10:55 a.m.]

218. From Boyden. B-797. First. Since arrival have read many times and discussed with Houghton his letter of October 23rd. Am convinced of fundamental accuracy his diagnosis of present suffering, probability great increase suffering and consequent despondency this winter. Anyone would know this inevitable result of mark depreciation. But actual visit here changes theoretical deduction to concrete reality which must excuse his and my emphasis on something which we know you know before we say it. No one can say what social disturbance may result. Austrian experience encouraging in this aspect because Austria has lived somehow long after what seemed two years ago limit of human endurance. But conditions here differ. Particularly charity in case of Germany cannot be expected and if possible at all could not be maintained on scale sufficiently large to be effective as in Austria. Certainly one is well within bounds of reason in saying that failure to make whatever contribution is possible towards solution of German problem involves some responsibility for results which may be of most extreme nature.

Second. Thoroughly agree with Houghton that best insurance is hope. In this respect chief responsibility is on France. It is only incidentally that Interallied debt affects Germany's hope and no action with respect to our debt can affect Germany except so far as might help France to accept conditions necessary to restore hope of Germany. Therefore in spite of much sympathy with Houghton's idea of using our debt as means of bringing about peaceful conditions in Europe, I prefer to concentrate on reparations particularly as seems to me unlikely administration can either itself or through Houghton put out even informally suggestion he proposes.

Third. My view still is that administration ought to make official statement regarding reparations whether Poincaré invites such action or not. Risk of situation too great to run risk that United States sits by with arms folded while France whether from mistaken conviction opposes [*sic*] pure inertia or purposeful intent pushes Germany into bankruptcy. In any simple statement of principles

involved you have all the rest of world with you and all United States behind you. I should expect such a statement to turn scale but regardless of result it seems to me duty and from point of view of practical politics an opportunity.

Fourth. I would not today lay much stress on bankers committee or any other method of determining Germany's capacity, though no harm in adding any such thought to your statement. The psychological point today is fall of mark. The decisive question is whether Allies will or will not concentrate on mark stabilization and do what is necessary to accomplish this. The necessary thing is to establish confidence outside financial centers and Germany itself. Regardless of other reasons this must be done if any hope of reparations is to be saved and it is still possible. These principles stated briefly with authority of the United States behind them will carry conviction.

Fifth. We add one practical consideration. In our judgment administration will find itself confronted say January or February with fact that wheat, cotton, copper, et cetera, cannot be sold to Germany in anything like usual volume. Anything which helps prevent this worth while. Very important that administration record on this point should be farsighted and such record will strengthen your hands in face of obvious political and financial difficulties such situation would create.

HOUGHTON

800.51/431 : Telegram

The Secretary of State to the Ambassador in Germany (Houghton)

[Paraphrase]

WASHINGTON, November 14, 1922—3 p.m.

145. I have very carefully considered proposal made in your letter of October 23 and have talked it over with President Harding. He says that it would not be at all possible to authorize you to make such a statement as you suggest. He is, however, willing to have you say, if you consider it wise to do so, that the American Government would wish to be helpful should the countries of Europe make the necessary adjustments to curtail excessive armaments and to transform the present conditions of enmity and chaos into those of peace and order.

Of course you understand that Congress alone has the authority to remit debts. By deliberate action Congress has given the World War Foreign Debt Commission definite instructions. There is no prospect that the restrictions imposed will be changed in the immediate future, and no one representing the President could be per-

mitted to in any way make a statement which would involve a commitment to the cancellation of the debts even with conditions, where Congress has not approved such conditions. The question is one of reparations primarily and must be settled on a business basis. The key to this situation is held by France. Our Government is at present engaged in informal exchanges with the French Government with a desire to assist in the settlement of this problem.

HUGHES

462.00 R 296/14

The Ambassador in France (Herrick) to the Secretary of State

[Extract]

PARIS, November 17, 1922.

[Received December 1.]

MY DEAR MR. SECRETARY: Referring to my private letter of October 27th, in which I outlined to you the substance of my informal conversation with M. Poincaré on October 22nd, I wish to inform you that I had a second interview with him on October 30th at which time we again spoke about the problem of Reparations. M. Poincaré again asked me to write him the substance of our talks together and in compliance with this request I addressed an informal letter to him on November 7th, a copy of which I enclose. I naturally omitted many points of our conversation as I did not care to put all in writing and have it submitted to M. Poincaré's cabinet.

MYRON T. HERRICK

[Enclosure]

The American Ambassador (Herrick) to the French President of the Council and Minister for Foreign Affairs (Poincaré)

PARIS, November 7, 1922.

MON CHER MONSIEUR LE PRÉSIDENT: Referring to that part of our informal conversations of October 22nd and 30th relative to Reparations, the only suggestions of a formal nature which might have been embodied in an *Aide Memoire* were that the questions of Reparations and Interallied Debts due to the United States could not be considered together for the reason that the United States Congress is the only body competent to deal with debts and this it has already done. The position of my Government has always been that the question of debts is irrelevant to the question of German reparations. Our representatives in International Conferences are therefore limited in their power to commit the Government of the United States

as were our delegates at Versailles. This does not necessarily imply that the present position of Congress and the American people is irrevocable. By reason of this situation, they are more likely to accept and follow any plan suggested for the readjustment, reduction or cancellation of debts than to initiate and lead. It is my belief that public opinion is bound to play a great part in future action in this direction and if Congress and the majority of the people undergo a change of opinion, it will be by seeing their best interests served as well as seeing universal benefit also, as they did when the United States entered the Great War.

During my two months vacation in America, I sought every opportunity to obtain the views and reactions of our people on this international problem and it was my conclusion that the general feeling was that this is no time for settlement by exchanging notes unless preliminary soundings had indicated the possibility of acceptance by Governments. There is a distinct drift of opinion of late towards the feasibility of concrete proposals. I have found in this crystallization of opinion the hope that the problem of German Reparations might be taken up by a committee of practical business and financial men of the highest distinction in the various countries who would have the approval of the governments concerned. It would seem to me that an uninfluenced committee which would be not unlike the former committee of bankers, but without hampering restrictions, would be favored by other governments. It is the consensus of opinion that since the vast devastated regions for which Reparations are demanded lie in France, her relation to this subject is such that the first question preceding any move or proposal would be: "What will be the attitude of the French Government?"

As I told you on my first visit, I was pleased to find in Washington, New York and elsewhere the most intense interest in this whole matter and an appreciation of the necessity of immediate action; likewise a general understanding that the evil consequences growing out of the failure of solving this problem would rest heavily on our own country also. This was my reason for coming to you for a straightforward and informal talk with the hope that we might find some way to assist in furthering some plan suggested by you. There are at present in Europe some of our most able and powerful financial men who feel as I do that now is an opportune time for the formulation of some practical plan of reorganization. I need not repeat that we all recognize, even the remotest country, that the delay in settling the question of Reparations is largely responsible for the present economic disorganization and that there is great necessity for prompt action. However, there appears to me to be little prospect of this unless governments

can arrange to interpose between themselves and their public the findings of an impartial committee.

You asked me at our last meeting also, to write you what I said with reference to the financial and economic situation in America after the disastrous panic of 1893 being analogous to this situation. At that time, 33 percent of the railroads passed into the hands of receivers and there seemed no prospect for years to come of a revival. Industry and agriculture were at a standstill; business was completely demoralized and no class escaped this paralysis which gripped the nation and filled the people with despair. I detailed to you the manner in which reorganization and reestablishment took place and how hope and confidence came to our people out of despair.

The first important rehabilitation was that of the Union Pacific Railway whose property was in a hopeless tangle. There were countless committees of irresponsible people representing minor securities; predatory lawyers, speculators and people were battenning on the corpus of the company. A group of the highest type of disinterested men that could be found in the country were appointed to formulate a plan of reorganization and in good time they brought forth a plan of refinancing which was so comprehensive and so workable that its acceptance was instantly assured by all interests. There followed in rapid succession a reorganization of all the other bankrupt companies, also of other corporations and industries and soon the wheels of commerce were turning once more. I had a close chance to observe this process as I was a member of several of these reorganization committees and I saw order come out of chaos. I feel that in the present instance the elements exist for reorganization, if only a beginning can be made. It is for this reason that I ventured to take your time and to give you for what they are worth my personal beliefs and reactions which reflect those of others.

If I now have the temerity to put in writing what I said in our informal conversations, I do so simply because of my deep desire to do something of value for your country and my own.

I asked you, Monsieur le Président, whether you did not think it feasible to select or inspire the selection of a group of business and financial men of the highest distinction in the various countries concerned to form a committee not unlike those reorganization committees which I have described with the object of studying, in an expert manner, the whole problem of economic reconstruction. I would be glad to receive your impressions of what I have attempted, in a personal and confidential manner, to set before you and should you deem it worthy of your consideration I would be glad to come and see you.

With assurances [etc.]

MYRON T. HERRICK

462.00 R 296/10 : Telegram

The Ambassador in France (Herrick) to the Secretary of State

[Paraphrase]

PARIS, November 17, 1922—6 p.m.

[Received November 17—3:18 p.m.]

467. Department's 321 of October 17, Boyden's B-797 of November 9 from Berlin.²⁵ Largely as result of insistent public opinion I learn from Foreign Office and other sources that at Brussels conference Poincaré will present financial plan. Assuming that you are considering the issuance of an official statement on this subject, I suggest that it might be desirable to delay statement until announcement of plan.

HERRICK

462.00 R 29/2215a : Telegram

The Secretary of State to the Ambassador in France (Herrick)

[Paraphrase]

WASHINGTON, November 29, 1922—3 p.m.

405. An Associated Press report from Paris indicates that yesterday the French Cabinet considered a plan providing for the seizure of state coal mines and the collection of export taxes in Ruhr district, together with absolute control of section of Rhineland occupied now by French military. It is stated that this program will be applicable only after January 15, the date of first payment under the present scheme of reparations now in suspension.

Confidential reports received from other sources indicate that Poincaré hopes the proposed Brussels Conference will be successful but in event of failure France would act independently; that throughout Europe anxiety is general at reported French attitude.

The Department appreciates difficulties in ascertaining intentions of French Government, but in view of widespread publicity given the subject, would like a confidential report from you.

HUGHES

462.00 R 29/2216 : Telegram

The Ambassador in France (Herrick) to the Secretary of State

[Paraphrase]

PARIS, December 1, 1922—6 p.m.

[Received 7:50 p.m.]

497. Department's 405 of November 29. Have just talked with Political Director of Foreign Office in regard to French plans in

²⁵ See telegram no. 218, Nov. 9, from the Ambassador in Germany, p. 180.

case Brussels Conference fails. I have learned that if Allies are unable to agree upon common action France will act alone. In this case she will take over forests and railroads of Rhineland now occupied by French military and administer that section for benefit of French Government as reported in my telegram 495 of November 29.²⁶

Denial was made that a plan had been formulated regarding Ruhr district. Poincaré is certainly very reluctant to go into Ruhr valley.

Confidence was expressed that whatever action France may take, Belgium would follow. In any event action will be taken by the first of January.

Senator Dejou tells me that French Government appreciates fully necessity for omitting any reference to Allied debts in financial plan to be submitted at Brussels Conference. I neglected to make clear in my 495 that this plan was not submitted to French Government at the time it was submitted to Reparation Commission.

I hope tomorrow to be able to give further definite information in regard to the subject of Department's 405.

HERRICK

862t.01/495

Memorandum by the Secretary of State of a Conversation with the German Ambassador (Wiedfeldt), December 12, 1922

[Extract]

2. Reparations. The German Ambassador referred to the breakdown in the London Conference and a conversation ensued in which the Secretary asked a number of questions which the Ambassador answered very readily and candidly.

The Ambassador's statements may be summarized as follows:

It had been supposed by the German Government until recently that the French Government would not demand more than the administration of the left bank of the Rhine and the taking over of the one government mine on the right bank. It now appeared, however, that Poincaré was determined to occupy the Ruhr. This was France's last card; the Ambassador had been over the matter a long time ago and had almost hoped that the Germans [*French?*] would take the Ruhr and that they would have this over.

The population of the Ruhr valley was of a stolid sort and with the French military on hand to prevent strikes it was quite possible that they would be able to continue production for two or three months; that then there might be difficulties; that it was almost im-

²⁶ Not printed.

possible to get along with the French; that there would be some trouble, a workman might assault a French soldier, et cetera, and before a year was over the French would find that the experiment was a failure.

It was supposed that the French intended to take over the coal trust in the Ruhr; that this naturally meant the selling of the coal and there had been developed a system of distribution with which it was difficult to interfere. Of course the occupation of the Ruhr would make it possible for the French to refuse coal to industries that absolutely depended upon it. This occupation would give the French a domination of German industry and also would enable them to control necessities of particular districts. They could say for example that they would not sell coal to the Krupp Works or to other designated works, or that they would not send it to Bavaria. If, however, the occupation was used to ensure a pecuniary return, that is for the purpose of obtaining reparations, the results would be relatively small. France was getting now all the coal that it could use. If France was to get money from the output of the coal and this output was maintained, it would have to sell it. It could not increase profits on sales unless it either reduced wages or increased prices. It would be difficult to maintain efficiency on reduced wages. Prices might be increased but the price in Germany would be paid in marks and the taking of the Ruhr and an effort to make an economic readjustment of this sort would doubtless further depreciate the mark. The present profits were not very large. Germany had investigated the operations of the coal trust sometime ago and found the prices to be reasonable. It was estimated that the present profits on sales of about 9,000,000 tons of coal a month amounted to about 500,000 gold marks. This would mean that in a year the profits would be 6,000,000 gold marks or a \$1,250,000. In all probability the French administration would be more expensive if anything than the German and the profits would not be likely to be increased unless they succeeded in putting up prices.

The conclusion was that in occupying the Ruhr the object was not to get reparations but to dominate German industry and prostrate Germany.

462.00 R 29/2173½

Memorandum by the Secretary of State of a Conversation with the French Ambassador (Jusserand), December 14, 1922

[Extract]

2. Reparations.—Occupation of the Ruhr. The Ambassador said that it had been reported in the press that at the last Cabinet Meet-

ing (December 12) the Cabinet had discussed the reparations situation for two hours, and that there was opposition to the occupation of the Ruhr, and that some move on the part of the Government of the United States was in contemplation. The Ambassador said his Government would like to be advised as to what basis, if any, there was to these reports. The Secretary said that the Ambassador would realize that matters discussed at the Cabinet meeting were not appropriate subjects for diplomatic inquiry; that no statements had been made officially or informally which formed a basis for any of the press reports; that the Government was not in control of the press and could not be called upon to discuss statements made by correspondents to which the Government had no relation.

The Ambassador said that he understood this, but the matters were of deep interest to his Government as they involved questions relating to reparations in which the French had vital concern.

The Secretary said that, of course, he would not disclaim the intense interest that the American Government felt in the settlement of the matter of reparations; that this lay at the foundation of the economic recuperation of Europe which was of concern to the whole world and in a very important degree to the United States. The Secretary said that the Ambassador had inquired as to the press reports relating to our attitude with respect to the occupation of the Ruhr. The Secretary felt that there was a preliminary question which, in view of the Ambassador's inquiry, might be presented by the Secretary and that was whether the French Government intended to occupy the Ruhr. The Ambassador said that the question was, What could the French do? There was one moratorium after another; the Germans were not paying and were not intending to pay. The Ambassador referred to the situation a year or so ago when the French Government had to enforce compliance with their demand by the occupation of Frankfort. Germans had large resources in Argentine and other foreign countries. How were these to be reached? Perhaps if the French threatened the occupation of the Ruhr they might be able to obtain results.

The Secretary said that if all they intended was to threaten the occupation of the Ruhr that was one matter but the actual occupation was quite a different matter. The Secretary said he had doubted the reports that such a plan was in contemplation because apparently such a course would not secure the reparations which the French desired. Suppose the French would seize coal. What was to be done with it? If it was not sold no money could be obtained from it. If it was sold, how was it to be sold? Were new lines of distribution to be opened? If so, how, with greater return? If not, then in what manner would the French succeed in obtaining a greater profit than the coal syndicate made? Did they intend to decrease

wages, or to increase prices? The Secretary understood that the profits actually realized were quite inconsiderable as compared to the reparations demanded, and there was to be considered on the other hand the outlays to which the French would be put in taking such a course, and the likelihood of diminished production and efficiency because of the attitude of the population.

The Secretary pointed out, however, that of far more vital concern was the future peace of the world, and that the French occupation of territories inhabited by Germans would create a situation which would seem to make war at some time inevitable if it were not otherwise redressed. The Secretary said that, of course, he assumed that the French did not contemplate a policy which would dismember Germany and lay her prostrate as that would defeat an economic revival and would injure France as well as the United States and other countries.

The Ambassador, while he did not expressly admit it, by his gestures and nods seemed to indicate acquiescence in what the Secretary had said. He at once, however, reiterated the woes of France, the sentiment of the people, the attitude of the Germans and the hopelessness of the situation unless something was done. The Ambassador referred to the manner in which the French treasury was maintaining itself by the issue of the obligations of the Government and the amounts that in this way were being paid by the French people. The question was what could be done?

The Secretary said that it seemed to him that a point had been reached where it was necessary to put sentiment aside so far as statesmanlike preparation of plans was concerned and to deal with the economic question upon its merits. The Secretary said he would recur to what he had already broadly suggested to the Ambassador some weeks ago. No one desired to see Germany escape her just obligations. No one desired to see France sacrifice a sou of what she was entitled to obtain. But the question always was what could she obtain? There was no sacrifice in giving up what you could never get. No matter what might be said, or how justly it might be said, with regard to the German attitude, the fact remained that France could not get any more than Germany could pay. To ask France to make a settlement based on what Germany could pay was not to ask her to sacrifice anything, but to make a settlement upon a basis which would aid France greatly because of the hope that would be engendered and the new economic life in Europe which would result.

The Secretary said that he did not profess to say what Germany could pay. He was satisfied, however, that this would not be settled in discussions between the statesmen of the different nations con-

cerned. The statesmen were responsible to whom? To their Parliaments and to political sentiment. They were compelled to hold the positions that they had severally taken. They constantly had to consider the conditions of their political life. That was not a subject for criticism. The Secretary had no desire at this difficult time to suggest a word which could convey the faintest notion of a desire to be critical. The Secretary said that it was simply a statement of fact which must be considered in determining what should be done. The Secretary said he felt that we had got to a point where if the matter were to be considered on its merits there should be called in those who would faithfully advise the Governments in a dispassionate and authoritative manner with respect to an economic solution. The Secretary said that the Ambassador knew very well that if a professional man, or a man of highest authority in finance or business, were approached for his opinion upon a question relating to his profession or to the sphere in which he was an authority his answer would be as clear as crystal. He could not in virtue of his own integrity and prestige give any answer except that which corresponded to his intellectual conviction based upon his experience and knowledge. Therefore, if men friendly to France, appreciative of her needs, and financial authorities, were brought together,—a man or men of the highest authority in the United States, Great Britain, France, and Belgium, for example,—and they were asked to suggest a financial plan, they would do so, and then the statesmen could tell those who supported them that the best possible thing had been done. At least they could ask their opponents what alternative they had to suggest. The Secretary said that nothing of that sort would be helpful unless Foreign Offices kept their hands off. The trouble with the Bankers' Committee was that the French representative took his instructions from Paris and was not allowed to speak his own mind. The Secretary said that, of course, Governments must acquiesce in the constitution of such a body. They must give it full opportunity. They must contemplate acquiescence in its recommendations. They must give an opportunity for such a body to work not as official delegates but as the representatives of their own conscience, knowledge and experience in order to give an authoritative economic answer.

The Ambassador seemed to be much impressed with the suggestion, and said that he felt the force of what the Secretary said and he would not fail to communicate these views to his Government. He must say, however, that the situation was made a great deal more difficult for his Government than it otherwise would be because of the tendency in Great Britain and in the United States, as shown by the press, rather to favor Germany and to excuse Germany and

to put France in the wrong. The Secretary said that no solution would ever be found if consideration were given to matters of that sort which were entirely beside the merits of the problem. The Secretary said that things were going from bad to worse. Would this situation, of which the Ambassador complained, be remedied by doing nothing or by forcible measures as against Germany? Exactly the opposite effect would be produced. What could make a change in such opinion? Suppose M. Poincaré were to say that conditions had reached a crisis; that France desired only what was possible and consistent with the economic recuperation in Europe and were to ask leading financial men of his own country and of Great Britain, the United States and Belgium to gather together as an informal body to tell the Governments what could be done and to propose a plan. Would there not at once be created throughout the entire world a feeling of satisfaction? Would not France be highly praised for such a reasonable suggestion and for such a fair attitude? The opinion of the world would change, so far as it was disposed to be critical of France by reason of what it believed to be contemplated in the direction of extreme measures.

The Secretary said, moreover, what would France lose by such a course? Suppose that something resulted which would not bear **examination, which was unreasonable, which France on fair ground could not accept.** She would not have sacrificed any of her power and certainly none of her rights.

The important question was, What was the alternative? What were they to do? If it was to be a satisfactory financial plan the investing public must be considered. If it was desired to raise money through some flotation, nobody could develop a plan except those who knew what the financial markets of the world would be able to absorb. Therefore it was of vital necessity to have men in touch with these markets to give their advice as to what was practicable. The Secretary said that the case was not one where there was a pot of gold in the Ruhr that the French could go and pick up and we were desirous that she should not have it. The only pot of gold there was a net balance that would remain after expenses as a result of production and trade. The Ambassador said "Yes", but there were pots of gold in Argentine and other places which France might be able to get at. The Secretary said that if they actually proceeded to forcible and extreme measures the chances would be that whatever resources there were outside would be the more tenaciously held. The Secretary pointed out, however, that if financial men of high authority were brought into consultation to devise a plan they would of course take into consideration all available resources and they would be as well advised as the French Gov-

ernment or anybody else with respect to what these resources were.

The Ambassador said that he could not hold out much hope because of the difficulties in which France found herself, the state of sentiment, the condition of her people, the attitude of Germany, et cetera. He would however bring the Secretary's suggestion at once to the attention of his Government.

3. London conversations. The Ambassador said that the reports about a deadlock in London were not accurate; that the London conversations had been of a pleasant character, and that they had merely suspended until January 2; that no ill feeling had been created.

862t.01/497

*Memorandum by the Secretary of State of an Interview with the
British Ambassador (Geddes), December 18, 1922*

The British Ambassador stated that he had received a direct message from Mr. Bonar Law, a message which had not gone through the Foreign Office, to inform the Secretary as to the Premier's view of the present situation. The Ambassador did not read the message but gave what he said was the substance of it orally. He described Mr. Bonar Law as taking a "most gloomy" view of the prospect. . . . It seemed that France was determined to go ahead in a military way. Just what the extent of their action would be, the Premier did not know. Probably they would send their forces into the Ruhr; but to what extent, or what eventual measures they would adopt, could not be said. Mr. Bonar Law felt that such action would be attended by the gravest consequences in Germany. He could not tell precisely what would happen, but he looked upon the situation as most serious.

Mr. Bonar Law did not know what the Government of the United States could do and did not wish to make any suggestion, but, the condition of affairs was so grave, that if there was anything that occurred to the Secretary that could be done to relieve it, it would be very welcome.

The Ambassador said that he was sure Mr. Bonar Law appreciated the situation here and the difficulties that the American Government had to face. Mr. Bonar Law was not sanguine that any action that the American Government might take would change the French attitude. He merely wished the Secretary to know what the situation was and to say that he would be glad if any assistance could be given.

In particular the Premier had inquired whether the American Government would be disposed to be represented at the meeting to

be held in Paris on January 2nd. He was not submitting a formal invitation, but he merely wished to inquire informally whether it would be possible for the Government of the United States to be represented at the meeting in Paris in much the same way as it was now represented at Lausanne.

The Secretary expressed his appreciation of the kindness of Mr. Bonar Law in giving him this information.

The Secretary said that there had been a disposition in other quarters to minimize the differences that had developed at the London conversations and to give the impression that a deadlock had not occurred. The Secretary said that he of course had had the direct message which the Ambassador had given him a few days ago²⁹ and felt that he understood the difficulty. With respect to the representation of the American Government at Paris, the Secretary said that much could happen between now and January 2nd and it was impossible now to say whether such a step would be advisable. The Secretary said that he had heard rumors—he had nothing official on the subject,—that the French Government had not desired to have the American Government invited to participate in the London conversations. It had been stated in the press that the French Government did not desire this for the reason that it might be expected that the American Government would not view with favor the proposal of the French to occupy the Ruhr. The Secretary asked the Ambassador if he knew whether there had been opposition to such an invitation. The Ambassador said that he did not, but indicated that it was not unlikely that some such view was taken. The Secretary pointed out that, of course, in any event the American Government could not consider being represented at the Paris conversations even in an informal way unless the participating governments desired it.

The Ambassador referred to the current discussions in the press and the Secretary remarked at the absurd lengths to which some of the correspondents had gone in developing a plan out of their imagination and then finding defects in it. The Secretary said that of course anyone would know that there was no prospect of a loan of any sort until the reparation question was adjusted. The Ambassador said, of course, he knew that and it was for this reason that much of what had been written had been discounted.

The Ambassador indicated that he would like to know whether the American Government felt that it could be of any assistance so that he could advise Mr. Bonar Law. The Secretary said that he did not

²⁹ Evidently refers to interview of Dec. 11, the memorandum of which is not printed (file no. 462.00R29/2248½).

feel at liberty to discuss the matter with the Ambassador at this time; that the Secretary had made certain suggestions, in an informal way, to the French Government; that he was quite sure that these suggestions did not involve any action which would not be viewed with entire favor by the British Government and that he was not at all sure that they would come to anything and was not disposed, therefore, to attach an undue importance to them. The Secretary felt that in this grave emergency when so much depended upon the political difficulties in which M. Poincaré found himself, that an opportunity should be given to him to take any suggestion and make it his own and find a way of escape from the present *impasse*.

The Secretary said that while the matter was in this situation he would prefer not to discuss it at all. The Ambassador said he appreciated that and could easily, he thought, conjecture what was in the Secretary's mind, that is, with regard to some effort at an impartial inquiry.

The Ambassador wondered whether it would not be possible for the American Government publicly to indicate its attitude with regard to the occupation of the Ruhr. The Secretary said that French Government had no reason to doubt the attitude of the American Government or the American people with respect to that question; that the futility of expecting an economic return from such an occupation was quite clear and that the dangerous consequences which might ensue were fairly obvious. The Secretary said that he did not desire at the moment to make any public statement; that each step must have its sufficient reason at the time it was taken. The Secretary said that he doubted very much whether any suggestion the American Government could make at this time would bring about any change but if there were one chance in ten, room ought to be given for it.

The Ambassador, referring again to American participation at the meeting in Paris, the Secretary said that of course the Ambassador would understand that this Government could not enter into any discussion as to its own debt. The Secretary did not think that this was a matter vital to the settlement of the reparation problem; that no one was asking France to forego what it could get and that it could not get any more or less from Germany because of what France owed the United States. While this was so, of course if it was desired to press a different view, the United States could not, under the present limitations fixed by the Act of Congress, undertake to join in such a discussion.

The Secretary said he felt that at this time it was very important that the views of the American Government should not be presented at London or Berlin or anywhere else but at Washington. The

Ambassador said he fully understood and that what he would say as to this interview would go directly to Mr. Bonar Law and in a cautious manner.

700.0011 R 34/2

Memorandum by the Secretary of State of a Conversation with the French Ambassador (Jusserand), December 21, 1922

[Extract ²⁰]

The French Ambassador said that he had received a telegram from M. Poincaré, who expressed his very cordial appreciation at the kindness of the Secretary in making the informal suggestion which the Ambassador had communicated. He wished particularly to express his grateful appreciation of what the Secretary had said as to his friendship for France.

The Ambassador did not read the telegram to the Secretary but held it in his hand and referred to it saying that the next point made by M. Poincaré was that before taking up such a suggestion as that made by the Secretary for an impartial body of experts selected from the various powers to take up the subject it was deemed to be necessary to exhaust the opportunities that the French Government had of securing agreement with the other Governments.

The Ambassador here interjected to say that there seemed to be some misunderstanding of his telegram to M. Poincaré, although he tried to make it very clear; that the Ambassador had not intended to suggest, as M. Poincaré seemed to imply, that such an international commission would decide the matter for France and bind the French Government but that it would act in an advisory capacity; that it would elicit facts and make its recommendations to the Governments leaving them free to take action.

The Secretary said that this was the understanding; that the report of such a body would be authoritative in the sense that it would be made upon the recommendation of men of high repute in their respective countries, and that it would be impartial and deal with the subject on its merits; that such a report would have the weight to which the men who made it and its character would entitle it; but that, of course, the Governments would still be free to act as Governments in dealing with the governmental questions before them.

The Ambassador repeated that he would make this clear to M. Poincaré by another telegram.

The Ambassador said that M. Poincaré went on to say that the Premiers were having *pourparlers* upon this very question and were

²⁰ The remainder of this memorandum is printed on p. 206.

going to resume these on January 2, and that he did not think that any such suggestion could be followed up before that time, and before it was ascertained that it would be impossible for them to arrive at an agreement.

The Secretary said that, of course, this would depend on M. Poincaré's estimate of the chances of an agreement; that the Secretary would suggest that it might be well to deal with the matter before an actual breakdown of the Conference; that if they met on January 2 and came to an utter disagreement it might be more difficult subsequently to deal with the suggestion.

The Ambassador said that evidently M. Poincaré did not wish to take it up before they had reconvened on January 2 in an endeavor to see what they could do, and, after all, January 2 was not so far away.

462.00 R 29/2801

Mr. J. P. Morgan to the Secretary of State

NEW YORK, December 22, 1922.

[Received December 26.]

DEAR MR. HUGHES: I have naturally been thinking a good deal over the things we talked about the other day, and have had a new idea, which I expounded to Mr. Thomas,²⁹ who came to see me this morning. He asked what course I would recommend, which would be of advantage at present in France, and I said that it seemed to me that if Mr. Poincaré would say to his own people something on the following lines, it might have a beneficial effect. He might say to them—

"It is quite true that Germany is in default and that we have the right and the power to occupy the Ruhr Basin, or inflict any other of the penalties embodied in the Treaty. We are not yet sure, however, that this is the best and wisest way of accomplishing the purpose, which is that, not only of France, but of all the Allies; namely, getting the most out of Germany that she can possibly pay. This question we are going to have studied, and, when we arrive at a conclusion in that connection, we will take such action, with your permission, as may be finally decided upon as being the wisest and best course to attain this great and necessary object."

It seems to me that this would give him a very good platform to start out upon, to get his international commission from all the

²⁹Albert Thomas, French citizen, Director of the International Labor Office of the League of Nations.

countries to examine the subject and report to the various governments.

I feel that it is important to keep you advised of anything I do in the matter, hence this letter.

Yours faithfully,

J. P. MORGAN

862t.01/502

Memorandum by the Secretary of State of a Conversation with the French Ambassador (Jusserand), December 20, 1922

[Extract *]

The Ambassador said that he had received a long telegram from M. Poincaré. In the first place, M. Poincaré desired to express his gratitude to the Secretary for the way in which he had dealt with the matters that had been under discussion. The Ambassador said that he thought M. Poincaré referred to the Secretary's denials with respect to the various absurd rumors that had filled the newspapers, the rumors which suggested plans that had never been under discussion and tended to becloud the questions that had been considered.

M. Poincaré said that in France there was a growing feeling of impatience and a growing sense of irritation. M. Poincaré had referred to what had taken place in the Chamber of Deputies and that many things that had been said were very hard. The impression given by the reports that had been circulated was that America was trying to tell France what she should do and what she should have. The Ambassador added that the statement this morning in the press from Senator McCormick was, to say the least, very inopportune, and would not help sentiment abroad.

Continuing, the Ambassador said that M. Poincaré, in his long telegram, had been very careful to point out that no annexation was contemplated. The Ambassador said he wished particularly to refer to one paragraph in M. Poincaré's message. This paragraph, which the Ambassador read, was in substance that M. Poincaré did not contemplate any "annexation" or "diminution" of Germany territory; that one "would be mad to think of creating another Alsace-Lorraine"; that they desired the prosperity of Germany; that what they wanted was to be paid and that Germany could not pay unless she was prosperous.

The Ambassador went on to say that M. Poincaré again expressed the hope that an agreement would be reached at the resumption of the Premiers' Conference in Paris on January 2; that if no agree-

* The remainder of this memorandum is printed on p. 208.

ment was reached at that time French opinion would demand that something should be done, but that nothing was contemplated except to take certain guarantees.

The Secretary asked what was meant by "guarantee." The Ambassador said he supposed taking the customs. The Ambassador explained that he said this on his own responsibility and his own thought of what was projected; that M. Poincaré only referred in his telegram to guarantees. The Secretary asked whether any military occupation of the Ruhr was intended. The Ambassador said he thought not, in view of what M. Poincaré had said in the paragraph above-mentioned with respect to "annexation."

The Secretary said that a policy of annexation might be disclaimed and yet there might be occupation taken of territory in such a way as a means of enforcing guarantees which might not easily be given up. One step might lead to another. A statesman who started upon a given course might find it difficult in the light of the opinion of his people to change it. The Ambassador said that he had put very strongly before M. Poincaré the Secretary's fear that a movement by France would cause disaster in Germany, and that evidently M. Poincaré did not think that would be the result.

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462.00 R 29/2265 : Telegram

The Ambassador in France (Herrick) to the Secretary of State

PARIS, December 26, 1922—8 p. m.

[Received December 27—9:38 a. m.]

540. B-816. First. Commission today decided unanimously Germany has not executed entirety orders placed under annex IV, part VIII, Versailles Treaty for delivery timber to France year 1922.

Second. Commission then by majority decided this failure constituted default by Germany within the meaning of paragraph 17, annex II, part VIII, of the treaty, British delegate voting contrary.

Commission further decided by majority, British delegate abstaining, to remind governments concerned that in Commission's letter March 21st, which fixed payments to be made by Germany during 1922 Commission stated:

"If the Reparation Commission finds in the course of the year 1922 that deliveries in kind called for by France or her nationals, or by any other power entitled to reparation or its nationals, in accordance with the procedure laid down by the treaty or in virtue of a procedure approved by the Reparation Commission and within the limits of the figures above indicated, have not been effected by reason

of obstruction on the part of the German Government or on the part of its organizations, or by reason of a breach of the procedure of the treaty, or of a procedure approved by the Reparation Commission, additional equivalent cash payments shall be exacted from Germany at the end of 1922 in replacement of the deliveries not effected."

Commission decided interpretation word "default" as used in paragraph 17, annex II, to mean "voluntary default" as in paragraph 18, same annex. Commission in accordance with terms paragraph 17, annex II, is notifying Governments of Great Britain, France, Belgium and Italy. Also decided unofficially to notify the United States Government through this delegation. Boyden.

HERRICK

462.00 R 29/2267 : Telegram

The Ambassador in France (Herrick) to the Secretary of State

PARIS, December 28, 1922—5 p.m.

[Received 6:45 p.m.]

544. B-818. Our B-816.⁸¹ In final text of decision given interpretation word "default" paragraph 17, annex 2, reference to paragraph 18, same annex, is deleted and "default" is simply defined as signifying "voluntary default." Boyden.

HERRICK

462.00 R 296/13b : Circular telegram

*The Acting Secretary of State to the Ambassador in France
(Herrick)*

WASHINGTON, December 29, 1922—noon.

The following is an extract from a speech which the Secretary will deliver on December 29 before the American Historical Association in New Haven. Please repeat to London, Brussels, Rome, Lausanne, and Berlin:

Economic Conditions in Europe. The economic conditions in Europe give us the greatest concern. They have long received the earnest consideration of the Administration. It is idle to say that we are not interested in these problems, for we are deeply interested from an economic standpoint, as our credits and markets are involved, and from a humanitarian standpoint, as the heart of the American people goes out to those who are in distress. We cannot dispose of these problems by calling them European, for they are

⁸¹ *Supra.*

world problems and we cannot escape the injurious consequences of a failure to settle them.

They are, however, European problems in the sense that they cannot be solved without the consent of European Governments. We cannot consent for them. The key to the settlement is in their hands, not in ours.

The crux of the European situation lies in the settlement of reparations. There will be no adjustment of other needs, however pressing, until a definite and accepted basis for the discharge of reparations claims has been fixed. It is futile to attempt to erect any economic structure in Europe until the foundation is laid.

How can the United States help in this matter? We are not seeking reparations. We are indeed asking for the reimbursement of the costs of our army of occupation; and, with good reason, for we have maintained our army in Europe at the request of the Allies and of Germany and under an agreement that its cost with like army costs should be a first charge upon the amounts paid by Germany. Others have been paid and we have not been paid.

But we are not seeking general reparations. We are bearing our own burden and through our loans a large part of Europe's burden in addition. No demands of ours stand in the way of a proper settlement of the reparation question.

Of course we hold the obligations of European Governments and there has been much discussion abroad and here with respect to them. There has been a persistent attempt ever since the Armistice to link up the debts owing to our Government with reparations or with projects of cancellation. This attempt was resisted in a determined manner under the former Administration and under the present Administration. The matter is plain enough from our standpoint. The capacity of Germany to pay is not at all affected by any indebtedness of any of the Allies to us. That indebtedness does not diminish Germany's capacity, and its removal would not increase her capacity. For example, if France had been able to finance her part in the war without borrowing at all from us, that is, by taxation and internal loans, the problem of what Germany could pay would be exactly the same. Moreover, so far as the debtors to the United States are concerned, they have unsettled credit balances, and their condition and capacity to pay cannot be properly determined until the amount that can be realized on these credits for reparations has been determined.

The Administration must also consider the difficulty arising from the fact that the question of these obligations which we hold, and what shall be done with them, is not a question within the province of the Executive. Not only may Congress deal with public property of this sort but it has dealt with it. It has created a Commission and instead of giving that Commission broad powers such as the Administration proposed, which quite apart from cancellation might permit a sound discretion to be exercised in accordance with the facts elicited, Congress has placed definite restrictions upon the power of the Commission in providing for the refunding of these debts.

But what is our attitude toward the question of reparations, standing as it does as a distinct question and as one which cannot be settled unless the European Governments concerned are able to agree?

We have no desire to see Germany relieved of her responsibility for the war or of her just obligations to make reparation for the injuries due to her aggression. There is not the slightest desire that France shall lose any part of her just claims. On the other hand, we do not wish to see a prostrate Germany. There can be no economic recuperation in Europe unless Germany recuperates. There will be no permanent peace unless economic satisfactions are enjoyed. There must be hope and industry must have promise of reward if there is to be prosperity. We should view with disfavor measures which instead of producing reparations would threaten disaster.

Some of our own people have suggested that the United States should assume the role of arbiter. There is one sufficient answer to this suggestion, and that is that we have not been asked to assume the role of arbiter. There could be no such arbitrament unless it were invited, and it would be an extraordinary and unprecedented thing for us to ask for such an invitation.

I do not think that we should endeavor to take such a burden of responsibility. We have quite enough to bear without drawing to ourselves all the ill feeling which would result from disappointed hopes and a settlement which was viewed as forced upon nations by this country which at the same time is demanding the payment of its debts.

But the situation does call for a settlement upon its merits. The first condition of a satisfactory settlement is that the question should be taken out of politics. Statesmen have their difficulties, their public opinion, the exigencies which they must face. It is devoutly to be hoped that they will effect a settlement among themselves, and that the coming meeting at Paris will find a solution. But if it does not, what should be done? The alternative of forcible measures to obtain reparations is not an attractive one. No one can foretell the extent of the serious consequences which might ensue from such a course. Apart from political results, I believe that the opinion of experts is that such measures will not produce reparation payments but might tend to destroy the basis of those payments which must be found in economic recuperation.

If, however, statesmen cannot agree and such an alternative is faced, what can be done? Is there not another way out? The fundamental condition is that in this critical moment the merits of the question, as an economic one, must alone be regarded. Sentiment, however natural, must be disregarded; mutual recriminations are of no avail; reviews of the past, whether accurate or inaccurate, promise nothing; assertions of blame on the one hand and excuses on the other come to naught.

There ought to be a way for statesmen to agree upon what Germany can pay, for no matter what claims may be made against her, that is the limit of satisfaction. There ought to be a way to determine that limit and to provide a financial plan by which immediate results can be obtained and the European nations can feel that the foundation has been laid for their mutual and earnest endeavors to bring about the utmost prosperity to which the industry of their people entitle them.

If statesmen cannot agree, and exigencies of public opinion make their course difficult, then there should be called to their aid those who can point the way to a solution.

Why should they not invite men of the highest authority in finance in their respective countries—men of such prestige, experience and honor that their agreement upon the amount to be paid, and upon a financial plan for working out the payments, would be accepted throughout the world as the most authoritative expression obtainable? Governments need not bind themselves in advance to accept the recommendations, but they can at least make possible such an inquiry with their approval and free the men who may represent their country in such a commission from any responsibility to Foreign Offices and from any duty to obey political instructions. In other words they may invite an answer to this difficult and pressing question from men of such standing and in such circumstances of freedom as will insure a reply prompted only by knowledge and conscience. I have no doubt that distinguished Americans would be willing to serve on such a commission. If Governments saw fit to reject the recommendation upon which such a body agreed, they would be free to do so, but they would have the advantage of impartial advice and of an enlightened public opinion. Peoples would be informed, the question would be rescued from assertion and counterassertion, and the problem put upon its way to solution.

I do not believe that any general conference would answer the purpose better, much less that any political conference would accomplish a result which Premiers find it impossible to reach. But I do believe that a small group, given proper freedom of action, would be able soon to devise a proper plan. It would be time enough to consider forcible measures after such an opportunity had been exhausted. Such a body would not only be expert but friendly. It would not be bound by special official obligations; it would have no animus and no duty but to find and state the truth. In a situation which requires an absence of technicality and immunity from interference, I hope that the way may soon be found for a frank discussion and determination of what is essentially an economic problem.

The United States has the most friendly and disinterested purpose in this matter, and wishes to aid in any practicable way. But it is idle to make suggestions which arouse false hopes and are so impracticable that they cannot bear fruit. On the other hand, there lies open a broad avenue of opportunity if those whose voluntary action is indispensable are willing to take advantage of it. And, once this is done, the avenues of American helpfulness cannot fail to open hopefully.

PHILLIPS

462.00 R 290/13a : Circular telegram

The Secretary of State to the Ambassador in France (Herrick)

[Paraphrase]

WASHINGTON, January 6, 1923—4 p.m.

For your information. In reply to inquiries, I have said that this Government's proposal for commission of financial experts to con-

sider reparations, as stated in my speech at New Haven and cabled you on December 29, would naturally be useless unless it was acceptable to France, and that it was for French Government, who were acquainted fully with my suggestion, to act or not to act, as they desired. This Government, while wishing to assist in every possible way, does not desire to become a dictator or arbitrator in reparations problem. In placing suggestion before French Government, the Government of the United States feels that it has done all that it now can do to contribute to solution of the situation, the real control of which rests with other nations.

Repeat to London, Rome, Berlin, Brussels, and to Berne for Lausanne.

HUGHES

**GERMAN PROPOSAL FOR A PLEDGE OF PEACE AMONG THE POWERS
INTERESTED IN THE RHINE**

700.0011 R 34/1

*Memorandum by the Secretary of State of a Conversation with the
German Ambassador (Wiedfeldt), December 15, 1922*

[Extract]

The Ambassador said that some months ago he had spoken to the Secretary of the essential points in establishing sound conditions in Europe. The first was the assurance of peace. He had spoken at that time in a general way of the necessity of finding some basis by which peace could be guaranteed. The Ambassador again referred to the apprehensions of France and stated that there was no danger of Germany attempting to make war upon France but that it was desirable that the French fear should be removed if possible.

The Ambassador said that his Government was now prepared to make a more definite suggestion. That suggestion was to the effect that the Powers especially concerned with the Rhine, such as Great Britain, France, Germany and Italy, should enter into an agreement that neither one of them would engage in a war with any of the others for a generation without putting the matter to a popular vote. The Secretary asked if this was a definite proposal and not conditioned upon anything else. The Ambassador said that it was. The Secretary asked what was meant by a "generation". The Ambassador said a period of, say, thirty years. The Secretary asked whether it referred to a war in which all the Powers mentioned were engaged or a war between any two or more of them. The Ambassador said that he referred to the latter. It would not, however, refer to a war with some other Power as for example between France and Turkey.

The Secretary asked whether it was the desire of the German Government that the Secretary should in his discretion ascertain informally or otherwise whether such a suggestion was acceptable. The Ambassador said that that was the desire; that they desired in some way to put the matter in the hands of the United States Government; that they would welcome any arrangement by which the Government of the United States would in a sense be a "trustee" to see that the arrangement was carried out or to take any action in the matter that the United States thought to be practicable.

The Secretary said he was glad to receive the suggestion and he would give it consideration. It was gratifying to note the desire of the German Government to remove the apprehension of war.

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462.00 R 29/2259½

*Memorandum by the Secretary of State of a Conversation with the
French Ambassador (Jusserand), December 18, 1922*

[Extract]

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The Secretary said that since the last interview with the French Ambassador he had had an interview with the German Ambassador. The latter had said that his Government was willing to enter into an agreement with Great Britain, France and Italy to the effect that none of these Powers should engage in war against any of the others for a generation unless the war was authorized by a popular vote. The Secretary had asked the German Ambassador whether this was a proposal of an independent unconditional agreement. The German Ambassador had said that it was. The Secretary had asked what was meant by a "generation." The German Ambassador had said "say about thirty years." The German Ambassador had informed the Secretary that his Government would like to have the Secretary bring it to the attention of the other Powers mentioned. The Secretary said that he had not said anything to the representatives of the other Powers as he desired to find out in the first instance whether this would appeal to the French Government; it was a suggestion made by the German Government to relieve in some practicable way the apprehension of France.

The French Ambassador said it was very important. He made note of the suggestion and said he would convey the information to his Government. The Ambassador said that nothing permanent could be hoped for until a different sort of instruction was given in

the German schools; that not [*now?*] this instruction inculcated the desire for revenge upon France. The Secretary said that such an agreement as that proposed would have a powerful influence on the sentiment of the people and would encourage the people in the maintenance of peace and the desire for peace. The Ambassador agreed that the suggestion should have serious consideration.

462.00 R 29/2261½

Memorandum by the Secretary of State of a Conversation with the German Ambassador (Wiedfeldt), December 19, 1922

[Extract]

The Secretary informed the German Ambassador that he had spoken informally to the French Ambassador with respect to the proposal of the German Government that Great Britain, France, Germany and Italy should enter into an agreement not to engage in war for thirty years without a popular vote. The Secretary said he did not think it wise to take the matter up formally with the other Governments unless it would be received and treated seriously by the French Government. The Ambassador acquiesced in this point of view.

The Secretary said that he would be glad to have the Ambassador put his proposal in a memorandum or note so that the Secretary would have a written text in order to avoid any possible misunderstanding. The Ambassador said he would do so.

700.0011 R 34/-

*The German Embassy to the Department of State*³²

If the Government of the United States with the view of saving Europe propose that the powers interested in the Rhine, to wit: France, Great Britain, Italy and Germany solemnly agree among themselves and promise the Government of the United States, that they will not resort to war against each other for a period of one generation without being authorized to do so by a plebiscite of their own people, Germany would not hesitate to enter such an obligation.

³² The file copy bears the following notation: "Delivered by the German Ambassador, Dec. 21, 1922. C. E. H."

700.0011 B 34/2

Memorandum by the Secretary of State of a Conversation with the French Ambassador (Jusserand), December 21, 1922

[Extract **]

2. German proposal as to agreement not to make war without a plebiscite. The Ambassador said that he had communicated all the Secretary had said on this point to M. Poincaré, and that M. Poincaré had replied to the effect that France could not enter into such an agreement without a change in her Constitution; that under her Constitution Parliament had the determination of making war and it required an amendment to alter this. The Ambassador, with the telegram in his hand, apparently paraphrased its content in saying further that the Germans could not be relied upon, and that if they wanted to make war they could easily get a vote to that effect; that it would be necessary for them to change their entire attitude towards the French; that they were now resentful and hated the French and were looking for revenge.

The Secretary said that he had received from the German Ambassador the text of the German suggestion. The Secretary then read the following proposal:

“That France, Great Britain, Italy and Germany solemnly agree among themselves and promise the Government of the United States, that they will not resort to war against each other for a period of one generation without being authorized to do so by a plebiscite of their own people, Germany would not hesitate to enter such an obligation.”

The Ambassador caught at the words “and promise the Government of the United States.” He asked whether that meant that the Government of the United States would guarantee such an agreement. The Secretary said that it would not; that he did not think any such guarantee could be looked for. The Ambassador said that it would be very important if the United States were brought into the matter; that that might possibly affect the disposition of the French, even to amend their Constitution. The Secretary said that he did not understand that the proposal contemplated that the United States should bind itself in the matter; that apparently it was the intention of the German Government to give an added solemnity and weight to their promise by making it run to the United States; that while the United States in such case would not become bound on its part to any action, it would be entitled to complain if the promise were broken and that Germany knowing that the United States could complain of the breach of such a solemn agreement running to itself

** The first part of this memorandum is printed on p. 195.

would be the more indisposed to break it. The Ambassador said he appreciated this and asked whether that would require the assent of the Senate. The Secretary said that that depended whether or not there was a treaty which bound the United States to obligations. The Secretary said that if there was merely a promise running to the United States without any treaty engagement it might be regarded as in the nature of a convention which would not require the assent of the Senate, as the United States would not be bound to any action under it. But the Executive would merely receive the promise of another Government which could take the form of a protocol.

The Ambassador said that M. Poincaré did not trust the Germans and did not think that such a promise could be relied upon.

The Secretary said that in such matters the resolve of the Government was important; that with nations as well as with individuals, there was great power in autosuggestion; that if a nation determined to set itself towards peace and not war this could not but be regarded as helpful and if they made a solemn vow not to engage in war without their people endorsing such action, and other nations did the same thing, this would be an important step toward the maintenance of peace.

The Secretary pointed out that peoples were not as fond of war as they had been; that now that soldiers were not of a professional class but that a whole people might be drawn in and that every young man who could walk was apt to be called to arms, and with the improvements in bombing planes, long-range guns and poison gases, war was not an attractive thing to young men, and that there would be an increased disposition to oppose it. It seemed to the Secretary that such considerations were not light, and the Ambassador said he agreed and would say more to M. Poincaré upon that point.

700.0011 R 34/5

Memorandum by the Secretary of State of a Conversation with the German Ambassador (Wiedfeldt), December 22, 1922

[Extract]

In response to the request made by the Secretary at his last interview, the German Ambassador delivered to the Secretary a written memorandum of the German proposal not to engage in war for a generation without a plebiscite. This memorandum was as follows:

[Here follows text of undated memorandum from the German Embassy printed on page 205.]

The Secretary called attention to the statement that the proposal in the memorandum that the Governments mentioned should "promise the Government of the United States." He asked why

the United States was introduced in this way. The Ambassador said that they desired us to have some relation to it to give the proposal an added sanction. The Secretary suggested that it would not be probable that the United States would assume any responsibility in the matter. The Ambassador said that he understood that. The Ambassador said that he had given to the Secretary the proposal in the exact terms in which he had received it from his Government; that he had not cabled his Government for any further instructions since his interview with the Secretary.

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862t.01/502

*Memorandum by the Secretary of State of a Conversation with
the French Ambassador (Jusserand), December 26, 1922*

[Extract *]

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The Ambassador then referred to the proposal of the German Ambassador as to a convention of the four Powers,—Great Britain, France, Germany and Italy,—not to engage in war for thirty years. The Ambassador said he had placed it again before M. Poincaré, but the latter did not favor it. He did not trust the Germans. With the hatred which they were instilling in the youth by the instruction in their schools, they could easily provide for a plebiscite whenever they wanted it.

The Secretary then called attention to an apparent leak in the French Foreign Office. The Secretary said that he had been approached by a newspaperman this morning who told him of a report just received from Paris that M. Poincaré had turned down a proposal of the American Government for a four-power treaty abroad between Great Britain, France, Germany and Italy to guaranty the boundaries of Germany for thirty years. The Secretary said that there was enough in this inaccurate statement to show that there had been a leak. The reference to the American proposal, to M. Poincaré's action in regard to it, and to the term of thirty years indicated this. The Secretary said that he had told the newspaperman that the report was wholly inaccurate, and that there had been no suggestion of an agreement to guaranty the boundaries of Germany. The correspondent had then asked whether any suggestion had been made and the Secretary had merely said that, of course, this Government was always desirous that the Powers

* The first part of this memorandum is printed on p. 197.

concerned should do anything they could to maintain peace. He had said nothing further. The Secretary pointed out that it might shortly be necessary to state exactly what had occurred. The Secretary said that if so much as this was known in Paris it would not be long before a statement would come from Berlin. The Ambassador asked the Secretary not to make a statement at present with respect to what had occurred as to this proposal of Germany, and said he would immediately communicate with M. Poincaré.

The Ambassador asked with regard to Senator Borah's proposal for an economic conference and said he hardly saw what the American Government could do at this time; that it was no light matter to call a conference and it might be well to wait until the treaties of the former Conference had been ratified before a new Conference was started. The Secretary said that the proposal did not have the support of the Administration.

700.0011 R 34/3

Memorandum by the Secretary of State of a Conversation with the German Ambassador (Wiedfeldt), December 28, 1922

The Ambassador called to inquire with respect to the published reports that Germany had made a proposal to guarantee her boundaries or to enter into a peace agreement for thirty years. The Secretary asked where the reports were published. The Ambassador said they apparently came from London; that he was quite sure nothing had been said on the subject in Berlin. The Secretary said that nothing had been said here; that no one knew of the matter except the President, the French Ambassador, Mr. Phillips³⁵ and Mr. Castle,³⁶ and that no reports had emanated from Washington that had come to the Secretary's attention.

The Secretary said that he had thought it unwise to submit to Great Britain, France and Italy the proposal of Germany for some engagement not to go to war for a generation without a plebiscite unless there was reason to believe that it would be considered sympathetically by France. The Secretary said that he thought it best to approach France in the first instance in an informal manner. The Ambassador expressed approval of this course.

The Secretary said that he had brought the matter before the French Ambassador and that he had suggested in presenting it that

³⁵ William Phillips, Under Secretary of State.

³⁶ William R. Castle, Jr., Chief of the Division of Western European Affairs, Department of State.

it was a very important proposal. The Secretary had said that if the nations resolved upon peace for a generation it could not but affect their disposition toward each other and that the psychology of peoples was an important matter to be considered in dealing with such a proposal. The Secretary had added that war was not popular; that it was no longer conducted by a professional class of soldiers whose interests only remotely affected the people at large; that every boy now knew that if he were able to walk he would be likely to be called to the front if there were a war; and that whatever Governments might be planning or think possible the Secretary was quite sure that the boys who were growing up would not desire in the light of what they had observed with respect to war to be called upon to engage in one.

The Secretary said that he had in his first interview with the French Ambassador referred to what the German Ambassador had presented and in another interview had read the text of the memorandum which the German Ambassador had left with the Secretary.

The Secretary said that the French Ambassador after communicating with his Government had informed the Secretary that they could not entertain the proposal; that under their constitutional system Parliament had the power to engage in war without a plebiscite, and that to enter into such an agreement would require a change in their constitution which they could not contemplate.

The Ambassador said there were reports that the French had also said they could not trust the Germans. The Secretary said that he did not care to go into any comment of that sort, but it was true that in addition to the constitutional question it had been suggested that the German system of instruction was such that their youth were brought up to hate the French and to consider revenge, and that the French felt that until this was changed there would be no hope in an agreement which involved a plebiscite as that would readily be obtained if Germany desired to make war. The Secretary said he did not care to refer to or emphasize comments of that sort, in view of the constitutional difficulty which the French presented.

The Secretary added that he did not feel at liberty without the consent of both Governments to make public the conversations which had been had or the nature of the proposed agreement. He felt, however, that he was bound to state to the German Ambassador the response which had been made to the German proposal. The Secretary said that it was, of course, for the German Government to decide what it would say, if anything, with respect to their proposal and the result. The Secretary felt, however, that at this time it was important that nothing should be done to create further difficulties.

700.0011 R 34/- : Circular telegram

The Secretary of State to the Ambassador in France (Herrick)

WASHINGTON, January 2, 1923—1 p.m.

The Department of State today made the following announcement to the Press:

The German Ambassador, on behalf of his Government, recently submitted to the Secretary of State a proposal to the effect that the Powers interested in the Rhine, to wit, France, Great Britain, Italy and Germany, should "solemnly agree among themselves and promise the Government of the United States that they will not resort to war against each other for a period of one generation without being authorized to do so by a plebiscite of their own people."

It was deemed inadvisable to transmit the proposal to the Governments named unless it appeared that it would be favorably considered by the French Government. On making informal inquiry of the French Government, the Secretary of State was informed that that Government could not view the proposal with favor as such an arrangement could not be made under the provisions of the French Constitution.

Repeat to London, Berlin, Rome, Lausanne, Brussels.

HUGHES

700.0011 R 34/4

Memorandum by the Secretary of State of a Conversation with the German Ambassador (Wiedfeldt), January 6, 1923

The German Ambassador called to say that he had noticed in the newspapers that the French Ambassador had been instructed to present certain statements of M. Poincaré with regard to the proposed German agreement not to engage in war without a plebiscite; that the Ambassador stated that he had nothing to add but of course the Secretary knew that they had presented the matter in entire good faith and with the simple desire to meet France by an agreement which would allay French apprehensions.

The Secretary said he did not care to comment on the suggestions which had been made on either side; so far as he was concerned, the incident was closed.

DECISION BY THE UNITED STATES TO REDUCE ITS ARMY OF OCCUPATION IN GERMANY TO A FORCE OF ONE THOUSAND MEN

162t.01/382a

The Secretary of State to President Harding

WASHINGTON, March 23, 1922.

MY DEAR MR. PRESIDENT: The identic note to the Allied Powers with respect to our right to be paid the cost of our Army of Occupa-

tion in Germany was delivered yesterday ⁸⁷ and was published in this morning's newspapers.

The Secretary of War informed me yesterday that he had sent a cable message to the Commanding General of the American Forces at Coblenz, stating that the President had decided to return to the United States all troops of his command with the exception of the Graves Registration Service, and that it was desired that all the troops should leave Europe before June 30, 1922, if practicable.

I had an interview with the Secretary of War yesterday afternoon, and, in the light of my recent interview with you upon this subject, I took the liberty of suggesting that the Secretary of War might notify General Allen ⁸⁸ not to communicate this order officially to the Inter-Allied Rhineland Commission or otherwise to the Allied Powers, so that it would still remain a matter of our domestic arrangements which we could deal with as events would seem to make it advisable.

I have no objection to the policy of withdrawing the American troops from Germany as soon as it may be found consistent with our interests to do so, but I should regret a formal communication to the Allied Powers at this time that all our troops are to be withdrawn before the end of June. In view of the unsettled question as to the payment of our Army costs, it seems to me prudent that we should do nothing which might have the effect of postponing an early and satisfactory adjustment. If we were to take a final position that the troops were to be wholly withdrawn very shortly, it might possibly have the effect of prolonging and making more difficult the negotiations, whereas a little temporizing in this matter might give us an opportunity which we could turn to our advantage. I do not think that either the Allies or Germany desire us to withdraw our troops altogether. Such have been the indications in recent despatches. I note that the *New York Herald* correspondent recently reported that some French high officials were known to be personally in favor of the immediate payment of some fraction of the indebtedness to us, and in view of the difficulty of collection, I should like to take such a course as would intensify this desire to make some immediate payment.

The leaving of a small detachment of American troops, under provision for the payment of their current cost, would be a small matter compared with the advantage we might have in an adjustment for our large bill for accumulated costs.

I have no desire to press this matter against any clear conviction you may have reached, but I trust that there will be no irrevocable

⁸⁷ See telegram no. 90, Mar. 20, to the Ambassador in France, p. 220.

⁸⁸ Commander of the American Army of Occupation and unofficial observer on the Rhineland High Commission.

decision until all these circumstances have been carefully considered.
I am [etc.]

CHARLES E. HUGHES

862t.01/375

President Harding to the Secretary of State

WASHINGTON, March 23, 1922.

MY DEAR MR. SECRETARY: I have yours of even date and since noting its contents I have also had an interview with the Secretary of War. He has already advised General Allen, Commanding the American Forces at Coblenz, to make no official announcement of his orders though he will continue to make his arrangements for withdrawal as suggested in the official order. It will be possible at any time up to June 1st to make arrangements to leave a small detachment of American troops, if it is decided that it is desirable so to do. There will be, of course, every cooperation with your Department in carrying out such policy as the circumstances seem to suggest to further the best interests of our relationship abroad.

Very truly yours,

WARREN G. HARDING

862t.01/374 : Telegram

*The Unofficial Observer on the Rhineland High Commission (Allen)
to the Secretary of State*

COBLENZ, March 24, 1922—7 p.m.

[Received March 25—2:20 p.m.]

My associates on the Commission formally state they consider the departure of the flag from the Rhineland a distinct loss to the interests of peace and stabilization not measured alone by the general good being done by our presence but also by the unfortunate status our departure will create. They are unanimous in asking that the flag remain regardless of the size of its guard and say their Governments will make representation at Washington accordingly. They earnestly hope that our representation on High Commission [will] continue officially or unofficially, with or without troops. At his request two weeks ago the Minister of Foreign Affairs, Rathenau, sent his personal representative with Prince Hatzfeldt²⁹ to consult with me bringing a draft of cable to Secretary of State urging retention of troops and official representation on the Commission. It states:

²⁹ German representative on the Rhineland High Commission.

"Proposed withdrawal is causing great anxiety to population of Rhineland and the frontier [*German Government*]. The American authorities of occupation have distinguished themselves by impartial [use] of the privileges allotted them by the occupation. This is of great value because Coblenz is the most important center of German and Prussian provincial authority and its occupation has special political importance for the whole Rhineland. This consideration causes German Government to request American Government not to withdraw completely from the occupation of Rhineland in favor of occupation by any other power. It is desirable that the impartial and moderating influence of the American power of occupation should be asserted soon by official representation on the High Commission."

I deem it my duty to submit my opinion relative to our evacuation. There is no doubt that the complete withdrawal of the moderating and stabilizing influence of the American representation in the Rhineland would be deeply deplored by all the interested powers and it is my conviction that it would be as harmful to European peace as to our trade interests. The present American area probably will be taken over complete by the French. With an official representation on Rhineland [Commission] and a few hundred American troops supporting German police in Coblenz, thus leaving this capital of the Rhineland and the seat of High Commission directly under American control, it is believed that the interests of peace would be served and an unfortunate situation, especially in Coblenz, resulting from our departure would be avoided.

Though I have not consulted my associates concerning details of this cablegram and of this suggestion, it is believed they would strongly endorse them.

France seems specially anxious that American representation remain and there is no doubt about the sentiment of the other interested powers.

Copy to Secretary of War requested paraphrased.

ALLEN

862t.01/377 : Telegram

The Chargé in Germany (Dresel) to the Secretary of State

BERLIN, March 29, 1922—3 p.m.

[Received 5:50 p.m.]

63. German Government requests me to telegraph Department *note verbale* of which following is slightly abbreviated translation:

The Germans and Rhineland population have cordially welcomed reduction in number of American troops of occupation. They hope that by this means it can be demonstrated in their area that the objects of occupation can be attained with much smaller numbers than

are at present quartered in each area. Results for the population would be exceedingly favorable. Families now greatly crowded could be put in possession of their former quarters. Above all reduction would redound to advantage of Entente as costs would diminish and power of reparation would increase.

However latest reports from America of intention not only to reduce number of troops but withdraw them altogether cause great apprehension to Rhineland population and German Government. Germany lays great weight on the participation of the United States as long as occupation lasts and especially that American troops are kept in the area about Coblenz. Among occupying nationals American occupation officials have distinguished themselves by impartiality in the exercise of the duties imposed by occupation. Their regulations and their conduct shows political detachment. They pursue no political aims but limit themselves strictly to the objects prescribed. This has been of the most value as Coblenz is the seat of the most important German and Prussian administrations for the whole Rhineland and it seems therefore especially significant from a political point of view.

Under these circumstances replacement of American troops in Coblenz and vicinity by troops of other occupying nations would nullify all the advantages which might be expected from diminution of these troops. Beyond this, political effect of the change in occupation would be to the detriment of Germany. The German Government therefore transmits urgent request to the American Government not to withdraw and thereby to avoid a change. It would be very desirable that the impartial and harmonizing influence of American occupation should also be made effective in the Interallied Commission by official acceptance by America of the Rhineland Agreement. This would also have the advantage that in that case the actual situation could be brought into closer conformity with the situation as it should be, that is, participation by America in the occupation would be no longer based on the armistice but would rest on the claim of appropriate rights contained in the Treaty of Versailles of which advantage can be taken under the German-American treaty.

I told Von Haniel⁴⁰ who presented the note to me that the reported attitude of Congress if true would probably render the retention of the troops difficult but that I had no official information of any decision on the subject.

DRESEL

862t.01/380

President Harding to the Secretary of State

WASHINGTON, April 1, 1922.

MY DEAR MR. SECRETARY: I have yours of March 27th,⁴¹ enclosing to me a paraphrase of the message received from General Allen.⁴²

⁴⁰ German Secretary of State in the Ministry of Foreign Affairs.

⁴¹ Not printed.

⁴² See General Allen's telegram of Mar. 24, p. 213.

His statement concerning the manifest wish of the Germans for continued American occupation is quite in harmony with information which has come to me from an unofficial source. Later developments concerning the attitude of the Allies in recognizing the American claim for compensation for the Army of Occupation will make it quite possible to continue a small contingent there if that is our final judgment. I am asking the Secretary of War to so handle the situation that our forces will not be completely withdrawn until such a program is finally determined upon.

Very truly yours,

WARREN G. HARDING

862t.01/390 : Telegram

The Ambassador in Germany (Houghton) to the Secretary of State

[Paraphrase]

BERLIN, April 25, 1922—3 p.m.

[Received 7:57 p.m.]

82. Dresel's 63 of March 23 [29]. On my way to Berlin I met the English, French and Belgian High Commissioners at Coblenz. Had long individual talks with each. All of them expressed the hope for retention in the Rhineland of General Allen and a proper guard of American troops. Their reasons apparently based on tacit assumption (1) that France is determined ultimately to control left bank of Rhine, (2) that our departure will leave the French in physical possession of practically all of this region and (3) that this action inevitably will have a tendency to produce intense and constantly growing friction between the Germans and the French which in two or three years may easily lead to any eventuality.

The French are greatly disturbed. They believe that the presence at Coblenz of American troops minimizes any immediate danger while obviously leaving unaffected their ultimate plans. Even if we should leave only General Allen and 50 soldiers, they are eager for us to remain. The British fear that our withdrawal may necessitate their withdrawal possibly within six months because without continuation of our participation obviously Rhineland Commission will be in control of the French whose program the British may find it impossible either to approve or be responsible for. Therefore, the danger of increasing friction between Germans and French may be expected and also indefinite postponement of the restoration of normal economic conditions in Germany. Belgians are perturbed principally because our departure would remove only power which can exert steadying influence on both Rhineland Commission and public opinion in the Allied countries.

The Government here is most anxious that we should remain. This is clearly indicated in Embassy's telegram no. 63⁴³ conveying to Department the German views of the subject.

Under the circumstances I venture to direct Department's attention to fact that Coblenz being capital city of Rhineland and seat of Commission, is key to situation. If, therefore, General Allen is retained there he should be given a number of troops sufficient to keep the city completely within his control.

HOUGHTON

862t.01/392

President Harding to the Secretary of State

WASHINGTON, April 26, 1922.

MY DEAR MR. SECRETARY: I have yours of April 26th,⁴⁴ enclosing the paraphrase of the confidential message of Ambassador Houghton,⁴⁵ relating to the retention of an American military force on the Rhine. My own impression is that we ought to make suitable compliance with the manifest general wish for the retention of a military force there. I suggest that you take up with the Secretary of War the question of what sized force to continue there. My own judgment is that we might reasonably reduce our numbers to approximately one thousand men. Perhaps it would be well to have the Secretary of War get an expression from General Allen on this question. I am sending a note to the Secretary advising him that we shall want to retain a force of at least one thousand there so that the withdrawals will not be completed in advance of our definite decision.

Very truly yours,

WARREN G. HARDING

862t.01/408: Telegram

The Ambassador in Germany (Houghton) to the Secretary of State

BERLIN, May 22, 1922—9 a.m.

[Received 10:55 a.m.]

103. Embassy's 63, March 29, 3 p.m. In course of informal conversation with Von Haniel Saturday morning, he asked me whether any word from Washington had been received. He repeated that

⁴³ *Ante*, p. 214.

⁴⁴ Not printed.

⁴⁵ *Supra*.

the view of the German Government regarding presence of American troops on the Rhine was unchanged and emphasized that he believed it essential that General Allen be left enough troops to hold Coblenz.

Houghton

862t.01/408 : Telegram

The Secretary of State to the Ambassador in Germany (Houghton)

WASHINGTON, June 3, 1922—4 p.m.

79. Your 103, May 22, 9 a.m., your 6[82], April 25, 3 p.m., and Dresel's 63, March 29, 3 p.m. Please communicate substantially the following to German Government:

"My Government has given the most careful consideration to the request contained in your note of March 29, 1922, and to similar requests expressed on behalf of the Allied Governments, to the effect that American troops be retained at Coblenz. My Government has now decided, and has instructed me to inform you, that a force of approximately 1,000 American soldiers, under the command of Major General Henry T. Allen, is to remain at Coblenz for the time being."

HUGHES

EFFORTS BY THE UNITED STATES TO SECURE REIMBURSEMENT FOR THE COSTS OF THE AMERICAN ARMY OF OCCUPATION IN GERMANY

462.00 R 294/2 : Telegram

The Secretary of State to the Ambassador in France (Herrick)

WASHINGTON, March 9, 1922—6 p.m.

71. For Boyden.⁴⁶ B-312.

(1) American Ambassador, London, under date of March 8, 5 p.m., reports as follows:

"Sir Robert Horne⁴⁷ and Sir Basil Blackett⁴⁸ represent England at conference of Allied finance minister's meeting today which will discuss: 1. Financial convention of August 13, 1921, dealing with division of coal furnished by Germany, valuation of Sarre coal and division of first milliard gold marks paid by Germany. 2. Wiesbaden agreement.⁴⁹ 3. Repayment of cost of armies of occupation.

⁴⁶ Roland Boyden, American unofficial representative on the Reparation Commission.

⁴⁷ Chancellor of the British Exchequer.

⁴⁸ A Comptroller of the British Treasury.

⁴⁹ An agreement between the French and German Governments concerning the application of part III of the Treaty of Versailles regarding deliveries in kind.

England is expected to ratify Wiesbaden agreement in return for French ratification of the August convention modified as follows: 640,000,000 gold marks to go to repayment of military expenses incurred before May 1st, 1921, of which England will receive 500,000,000, France 140,000,000, remainder of milliard to Belgium except 30,000,000 for Italy. Cash payments for 1922 all to go to Belgium. The fixing of total German payments for 1922 and guarantees of financial and budgetary reforms to be demanded of Germany is to be dealt with by Reparation Commission."

(2) Please inform Committee of Finance Ministers that the Government of the United States desires them to take note of the fact that the net amount of the accumulated costs of the American Army of Occupation to May 1, 1921, is approximately \$241,000,000. State that in view of the priority of army costs over reparations and the fact that the claims of the Allied Governments for army costs have been substantially met, excepting possibly those of England, (these would apparently be taken care of if the distribution reported by the American Embassy in London, as stated above, were approved), the Government of the United States expects to obtain payment in full of costs of its army of occupation, with interest from May 1, 1921, until payment of the amount of the claim outstanding, before any part of payments by Germany is distributed for reparations or other purposes.

(3) [Paraphrase.] If the question of current costs of American army of occupation comes before the Committee, you should definitely state that the Government of the United States will insist upon full payment and upon receiving assurance of payment, there will not be difficulty in agreeing upon a practicable method. [End paraphrase.]

HUGHES

462.00 R 294/11 : Telegram

The Ambassador in France (Herrick) to the Secretary of State

PARIS, March 14, 1922—8 p.m.

[Received March 15—12:31 a.m.]

119. B-653. First. Letter of Finance Ministers dated March 11th just received. Complete text follows:

"We have the honor to acknowledge receipt of the memorandum placed before us by yourself under date of March 10th regarding the payment of the costs of the American Army of Occupation."⁶⁰

Your communication has received our most serious consideration. You will find enclosed the text of the arrangement signed at Paris

⁶⁰ See Department's telegram no. 71, Mar. 9, *supra*.

today.⁵¹ A special article has been added to this document in order to meet the points with which the memorandum is concerned. While we have thus safeguarded all rights of the United States of America, whatever they may prove to be, we are of opinion inasmuch as we are acting under the Treaty of Versailles to which the Government of the United States of America are not a party, the question is one which concerns our respective Governments and should be raised directly through diplomatic representations made by the Government of the United States of America to the Allied Governments."

Second. Have not yet received text of special article referred to but this article is simply brief reservation to the effect that all the decisions of the conference are taken subject to the rights of the United States. Boyden.

HERRICK

462.00 R 204/49a : Telegram

*The Secretary of State to the Ambassador in France (Herrick)*⁵²

WASHINGTON, March 20, 1922—2 p.m.

90. You are instructed to communicate the following note textually to the Government to which you are accredited and repeat to Embassies at London, Brussels and Rome for similar action as Department's instruction No. 76, 14 and 29 respectively.

"The Government of the United States has believed, and still believes, that the Governments of the Allied Powers have no disposition to question the right of the United States to be paid, upon an equal footing with them, the actual cost of its Army of Occupation which it has maintained in Germany since the joint Armistice Agreement of November 11, 1918. While the attitude of the Government of the United States in expecting full payment of these costs has been repeatedly set forth, it is deemed to be appropriate, in view of recent developments, to make this statement of its position.

The amount of the claim of the United States for its army costs is understood to be well known and to be free from any substantial dispute. According to the information and accounts in the possession of the Allied Governments, it appears that the total cost of all the Armies of Occupation from November 11, 1918, to May 1, 1921, amounted to 3,639,282,000 gold marks; that the amounts due to Belgium, France and Italy for their army costs for that period have been paid in full (chiefly through deliveries of property); and that the unpaid balance of army costs due May 1, 1921, amounted to

⁵¹ Agreement between Great Britain, Belgium, France, Italy, and Japan respecting the distribution of German reparation payments, signed at Paris, Mar. 11, 1922; *British and Foreign State Papers*, 1922, vol. cxvi, p. 612.

⁵² The same to the Ambassador in Japan, without instructions to repeat (file no. 462.00 R 294/80a).

1,660,090,000 gold marks due to the United States and the British Empire as follows:

United States	966,374,000 gold marks
British Empire	693,716,000 gold marks

It is understood that between May 1, 1921, and December 31, 1921, the British Government received cash payments as against this balance, of about 130,696,000 gold marks. In view of the position taken by the Government of the United States, this payment was expressly made and received subject to the rights of the United States.

In November, 1921, the Commission appointed by the Supreme Council to give its opinion on the expenses of the Armies of Occupation made its report, dealing with the army costs since May 1, 1921. This included calculations with respect to the American Army, and its actual costs since that date were included in the proposed provision for payment *pari passu* with the other Powers.

It had been supposed that this report to the Supreme Council would be referred to the Conference of Ambassadors and would pave the way for suitable action with respect to the American army costs both current and accumulated. It was with surprise that the Government of the United States recently learned that negotiations, in connection with and following the meeting at Cannes in January last,⁵³ apparently contemplated the substitution for the recommendation of the Army Costs Commission of other arrangements which would ignore American army costs altogether, although estimates both for army costs and reparations were being made on the basis of the entire capacity of the German Government to pay. When it came to the notice of this Government that it was proposed at the meeting of the Finance Ministers, to convene at Paris on March 8, definitely to assign the greater portion of the amount heretofore paid in cash by Germany, and not yet finally allocated, to the payment of army costs without making any provision for those of the American Army, it was deemed advisable again to direct attention to the position of the United States. The Government of the United States has been advised that all the arrangements of the Finance Ministers have been made subject to the rights of the United States and that these Ministers have also suggested that the Government of the United States should take up the question directly with the Governments concerned.

The Armistice Agreement concluded between the Allied and Associated Governments and Germany on November 11, 1918, provided for military occupation by the Allied and United States forces jointly, and it was expressly provided that

'The upkeep of the troops of occupation in the Rhine districts (excluding Alsace-Lorraine) shall be charged to the German Government.'

It is not believed that the meaning of this Agreement can be regarded as doubtful. It had not only its express provision but its necessary implications. It is the view of this Government, and it is confidently believed that it is the view of all the Governments con-

⁵³ See vol. I, p. 384.

cerned, that this Agreement on the part of the Allied and Associated Governments with Germany, and with each other, had the clear import that the Powers associated in this joint enterprise should stand upon an equal footing as to the payment of all the actual costs of their Armies of Occupation and that none of the Powers could, consistently with the Agreement, make any arrangement for a preferential or exclusive right of payment. Further, it is assumed that it would not for a moment be contended that any of the Allied Powers would have been entitled to enter into any arrangement by which all the assets or revenues of the German Empire and its constituent States would be taken for their benefit to the exclusion of any of the other Powers concerned.

It was apparently in recognition of the existing and continuing obligation as to army costs that, in the Treaty of Versailles, in undertaking to place 'a first charge upon all the assets and revenues of the German Empire and its constituent States,' (Article 248) priority was given to the total cost of all Armies of the Allied and Associated Governments in occupied German territory from the date of the signature of the Armistice Agreement.

Articles 249 and 251 of the Treaty of Versailles provide:

'ARTICLE 249. There shall be paid by the German Government the total cost of all armies of the Allied and Associated Governments in occupied German territory from the date of the signature of the Armistice of November 11, 1918, including the keep of men and beasts, lodging and billeting, pay and allowances, salaries and wages, bedding, heating, lighting, clothing, equipment, harness and saddlery, armament and rolling-stock, air services, treatment of sick and wounded, veterinary and remount services, transport service of all sorts (such as by rail, sea or river, motor lorries), communications and correspondence, and in general the cost of all administrative or technical services the working of which is necessary for the training of troops and for keeping their numbers up to strength and preserving their military efficiency....'

'ARTICLE 251. The priority of the charges established by Article 248 shall, subject to the qualifications made below, be as follows:

'(a) The cost of the armies of occupation as defined under Article 249 during the Armistice and its extensions;

'(b) The cost of any armies of occupation as defined under Article 249 after the coming into force of the present Treaty; . . .'

By the Treaty between the United States and Germany, signed August 25, 1921,⁵⁴ the ratifications of which were exchanged on November 11, 1921, it is provided that the United States shall have and enjoy the rights and advantages stipulated for the benefit of the United States in the Treaty of Versailles, notwithstanding the fact that the Treaty has not been ratified by the United States.

The Government of the United States entertains the view, and submits it to the consideration of the Allied Governments, that the United States is entitled to payment of the costs of its Army of Occupation *pari passu* with the Allied Governments, and that payments received by them from Germany in the circumstances disclosed cannot be used to the exclusion of the United States without its consent.

The Government of the United States is unable to conclude that the justice of its claim is not fully recognized. The Governments of the Allied Powers will not be unmindful of the fact that the

⁵⁴ *Foreign Relations*, 1921, vol. II, p. 29.

Government of the United States has repeatedly and earnestly been solicited not to withdraw its Army of Occupation, and this Army has been continued upon the basis of the right to be paid its actual cost upon an equal footing with the Allies. But, while it is believed that the Allied Governments cannot fail to appreciate the manifest equity of the claim of the United States, it is understood that it has been suggested that there are technical difficulties which stand in the way of its recognition. While willing to take into full consideration every possible question, this Government is unable to find any such technical obstacle.

It is assumed that if any technical question were raised, it would be based upon the fact that the United States has not ratified the Treaty of Versailles. It may be pointed out, however, that Germany has explicitly consented to the priority of payment of the cost of the American Army of Occupation notwithstanding the fact that the Treaty of Versailles has not been ratified by the United States. Hence, any technical objection to the application of the payments made by Germany to the discharge of the just claim of the United States for the cost of its Army of Occupation upon the ground that the United States had not ratified the Treaty of Versailles, would necessarily rest, not upon any action or lack of action on the part of Germany, but solely upon the refusal of the Governments of the Allied Powers themselves to permit the discharge of an admittedly equitable claim and thus to seek to maintain in their behalf exclusively a first charge upon all the assets and revenues of the German Empire and its constituent States for demands exhausting the full capacity of the German Government to pay. The Government of the United States finds it impossible to conceive that any such attitude would be taken by the Allied Governments.

The Government of the United States believes that its right to priority of payment for its actual army costs, upon an equal footing with the Allied Powers, is not in any way affected by its failure to ratify the Treaty of Versailles. The right of the United States to share in this priority was not expressly conditioned, and in view of the nature of the claim and of the fact that the Treaty purported to create a first charge upon all the assets and revenues of the German Empire should not be construed as being conditioned upon the ratification of the Treaty by the United States. It may be noted that the Treaty was to come into force on the ratification on the part of Germany and of three of the Principal Allied and Associated Powers. By Article 251, quoted above, there is provision for priority of the 'cost of the Armies of Occupation' during the Armistice and its extensions and the cost of 'any armies' of occupation after the coming into force of the Treaty. This would seem clearly to embrace the cost of the Army of Occupation maintained by the United States.

The Government of the United States believes that its right to be paid the actual cost of its Army of Occupation *pari passu* with the cost of the armies of the Allied Powers is not only a clearly equitable right but is free from any technical objection.

This Government will welcome any suggestion from the Allied Governments for the reasonable adjustment of this matter. Upon receiving assurances of payment this Government will be only too happy to proceed to the consideration of suitable means by which

its just claim may be satisfied. Pending such consideration and adjustment, this Government earnestly hopes that the Allied Governments will be disposed to refrain from giving effect to any arrangements for the distribution of cash payments received from Germany to the exclusion of the claim of the United States."

HUGHES

462.00 R 294/24a : Telegram

The Secretary of State to the Ambassador in France (Herrick)

[Paraphrase]

WASHINGTON, March 20, 1922—3 p.m.

91. For your information. Identic note to the Allied Powers on subject of payment of costs of our Army of Occupation is being cabled to you today.⁵⁵ In view of publicity already given here and abroad, Department will release note to Press on Wednesday afternoon⁵⁶ for publication here in morning papers Thursday. To ensure that the note will not be published in Europe before it is published here, have note delivered to the Foreign Office on Wednesday afternoon. Similar instructions are being sent Embassies at London, Brussels, Rome and Tokyo.

HUGHES

462.00 R 294/49c : Telegram

*The Secretary of State to the Ambassador in France (Herrick)*⁵⁷

WASHINGTON, March 22, 1922—4 p.m.

92. You are instructed to communicate the following note textually to the Government to which you are accredited and repeat to Embassies at London, Brussels and Rome for similar action as Department's instruction No. 80, 16 and 31 respectively:

"In its note of March 22, 1922, the Government of the United States stated that according to the information and accounts in the possession of the Allied Governments, it appeared that the amount due to France for its Army costs to May 1, 1921, had been paid in full, chiefly through deliveries of property.

The Government of the United States is now informed that it is proposed to postpone the debit to France for the value of the Saar mines as though delivery were made in kind during the year 1922. This Government does not deem it to be necessary at this time to enter into questions relating to debits or credits in the account or to consider the effect of the postponement of the debit for the value of the Saar mines, and all questions of this character are fully reserved. It is deemed to be sufficient to say that it is the view of the

⁵⁵ *Supra.*

⁵⁶ March 22.

⁵⁷ The same to the Ambassador in Japan, without instructions to repeat (file no. 462.00 R 294/19b).

Government of the United States that the question whether or not there would be a deficit in the French account for Army costs as of May 1, 1921, upon a final agreed statement of that account, is a matter which does not affect the position of this Government with respect to its right to receive the payment of the actual cost of its Army of Occupation upon an equal footing with the Allied Powers."

HUGHES

462.00 R 294/55 : Telegram

The Ambassador in France (Herrick) to the Secretary of State

PARIS, March 29, 1922—4 p.m.

[Received March 29—2:20 p.m.]

139. Your 90, March 20, 2 p. m. I have just received a note, dated yesterday, from the Foreign Office stating French Government never had intention of contesting the right of the United States to be as completely reimbursed for their army costs as the other Governments with troops on the Rhine; that French Government is persuaded that easy and quick agreement can be come to between the Allied Governments and the United States on this question and that it is consulting the Belgian, British and Italian Governments. Monsieur Poincaré adds that he wishes to inform our Government how much the French Government appreciated the cooperation of the American troops with the Allied troops on the Rhine; that French Government greatly regrets that our Government should have taken the decision to withdraw its troops; that presence while recalling the common sacrifices could only contribute to affirm in the eyes of the entire world the essentially peaceful character of the occupation of the Rhenish territories. It is in the same peaceful spirit without any idea of domination that the Allied troops after as before the departure of the American troops will continue the occupation which has no other aim than to guarantee the execution of the terms of the peace treaty.

HERRICK

462.00 R 294/63 : Telegram

The Ambassador in Great Britain (Harvey) to the Secretary of State

[Paraphrase]

LONDON, April 3, 1922—11 a.m.

[Received 1:10 p.m.]

154. The sending of replies to your army cost note by France and Belgium⁵⁸ changes aspect of matter here possibly to advantage of

⁵⁸ For the reply from France, see p. 229; from Belgium, p. 228.

the United States. Much depends on the exact nature of the French reply. Published reports indicate that it may not be entirely satisfactory to you. Paris *Chicago Tribune* calls the reply "particularly cordial" and states it "accepts in entirety America's claim". It adds that the reply is only an individual acknowledgment of the note of the United States pending a formal and joint response by the Allies.

The Paris correspondent of the *Daily Telegraph* also reports that the French note does not amount to a full reply to the American demands but is rather in the nature of an acknowledgment.

I have asked Ambassador Herrick to send for my information the text of the French note but, whatever its exact tenor, the British Government is quite likely to feel freer to make an individual reply without consulting the views of the Allies. The result I think will be more complete acknowledgment of American rights by British Government than would otherwise have been attainable. They not only manifest a willingness to meet your views on the main point but would welcome confidential suggestions from you as to the method or procedure which they might propose to the Allies. I believe that this is reason why Curzon refrained from discussing the question in Paris. Time bears on this phase especially with respect to apportionment of money on hand, including 500,000,000 gold marks which the Finance Ministers allotted to Great Britain, since on Friday Lloyd George, Horne, and Curzon leave for Genoa and immediately upon return Horne must present budget. Naturally they would be glad to have you acquiesce in that apportionment both because they dread to reopen the question with Allies and for the purposes of budget, which is expected to provide for interest on indebtedness to the United States. However, I would not have you infer that reaching of understanding in respect to this matter is in any way a condition of their accepting in principle your proposition as given in note contained in your 76 of March 20.⁵⁹ I have every right to feel that the main point is definitely settled by message from Curzon through Crowe.⁶⁰ Moreover, I have no doubt of their friendly intentions and good faith.

My only purpose is to inform you of the entire situation so that if you consider it advisable you may send me hints to guide in conversation possibly leading to something more definite to be subsequently submitted for you to consider.

Curzon will hardly be able to present question as it now stands to Lloyd George before Tuesday.

HARVEY

⁵⁹ See telegram to the Ambassador in France, no. 90, Mar. 20, p. 220.

⁶⁰ Not printed.

462.00 R 294/63 : Telegram

The Secretary of State to the Ambassador in Great Britain (Harvey)

[Paraphrase]

WASHINGTON, April 6, 1922—6 p.m.

99. The discussion of arrangements for the payment of accumulated army costs should proceed only on the basis of an unequivocal recognition of the right of the United States Government to be paid both accumulated and current army costs on an equal footing with Allied Governments. It should not be difficult to arrange reasonable terms if this right is admitted. This Government desires that suggestions as to settlement should come from the Allied Governments, but in order to aid you in conversation which may lead to such proposals from them, the following points may be noted:

Germany has made cash payments, since May 1, 1921, of more than 1,400,000,000 gold marks, or almost enough to pay the balances due on that date for army costs, which according to Reparation Commission accounts amounted to about 1,660,000,000 gold marks. Not taking account of the large deliveries in kind made to the Allied Governments, the entire claim of the United States as of May 1, 1921, should have been met out of the cash payments strictly applicable to army costs. While this Government does not desire to be over-exacting, and wishes to take account of all circumstances and especially the payment of interest by Great Britain on her debt, it feels that it should participate to a substantial extent in cash payments already made by Germany. In view of what the other Powers have already received, it would not seem too severe to ask that the United States should have, out of the payments made heretofore, not less than 300,000,000 gold marks; 100,000,000 gold marks of this amount should be paid immediately and the rest during the next two years, as the Allies might arrange. It should then be understood that in whatever cash payments may be made hereafter by Germany, the United States should proportionately share until the army costs of the United States are paid in full. Until army costs are fully liquidated the Government of the United States feels that not less than one-half of such cash payments should be applied to army costs, preference being given to the Powers whose costs have not been paid in full and in proportion to their unpaid claims. These suggestions are made merely to facilitate discussion and are tentative and informal.

HUGHES

462.00 R 204/65 : Telegram

The Chargé in Belgium (Wadsworth) to the Secretary of State

BRUSSELS, April 8, 1922—1 p.m.

[Received April 8—10:56 a.m.]

13. Referring to Department's number 13, March 15, 7 p. m.⁶¹ The Belgian Government's reply translated is as follows:

"By two notes, dated the 14th and 23rd of March, 1922,⁶² you have had the kindness to explain the views of the Federal Government upon the right to reimbursement for expenses of the maintenance of the American troops upon the Rhine since the 11th of November, 1919 [1918].

I hasten to inform you that the Belgian Government has never entertained the idea of questioning the right of the United States to reimbursement for its expenses of occupation. It is the intention of the Belgian Government to consult with the other Allied Governments in order to reach a solution of the matter concerning which it believes that an agreement will very shortly be arrived at in accordance with the views of the United States."

WADSWORTH

462.00 R 204/67 : Telegram

The Ambassador in Great Britain (Harvey) to the Secretary of State

LONDON, April 10, 1922—5 p.m.

[Received April 10—3:15 p. m.]

174. Your telegram number 76 March 20, 2 p. m.⁶³

I am in receipt from Curzon of a formal reply to my textual communication stating as follows:

"I am anxious to lose no time in assuring Your Excellency that the claim put forward by the United States Government that these expenses should be reimbursed to them is one which His Majesty's Government would not in any circumstances desire to question. It would be impossible to do so without an indifference to manifest considerations of justice and without a failure to recognize the part played by the United States in the war and in the subsequent occupation such as I am confident that your Government would not think of imputing to His Majesty's Government. It is the earnest desire of His Majesty's Government that means should be found with as

⁶¹ Not printed.

⁶² Mar. 14 undoubtedly an error; the two notes referred to are the identic notes transmitted in Department's telegrams nos. 90 and 92 to the Ambassador in France, pp. 220, 224.

⁶³ See Department's telegram no. 90, Mar. 20, 2 p.m., to the Ambassador in France, p. 220.

little delay as possible to give practical effect to the desires of the United States Government as explained by Your Excellency and I am accordingly placing myself in communication with the Governments of France and Belgium in the hope that a speedy agreement may be reached as to the most convenient method by which the Allied and Associated Governments may concert together to secure the desired end."

HARVEY

462.00 R 294/81

The Ambassador in France (Herrick) to the Secretary of State

No. 1906

PARIS, May 19, 1922.

[Received May 31.]

SIR: Reverting to my despatch No. 1652 of March 29, 1922,⁶⁴ I have the honor to transmit herewith copy and translation of a Note dated May 18th from the Ministry for Foreign Affairs concerning the costs of the American troops of occupation on the Rhine.

I have [etc.]

MYRON T. HERRICK

[Enclosure—Translation]

The French Ministry for Foreign Affairs to the American Embassy

In reply to the Note from the Embassy of the United States of March 22nd last, relative to the reimbursement of the costs of the American Army of Occupation which formed the subject of a provisional reply from the French Government dated March 28th last,⁶⁵ the Government of the Republic immediately took this matter under consideration.

Being unable to make any suggestion concerning the final settlement before coming to an agreement with the other interested Allied Governments, the French Government endeavored to bring about an understanding in the shortest possible delay. To this end, it seemed to the French Government expedient to entrust to the representatives of the Allied Governments in Paris the task of proceeding together to an examination of the question. This suggestion appears to be about to meet with the consent of the interested Governments, and, consequently, the French Government intends to call the meeting in question with the briefest delay possible.

During this meeting, the French Government intends to ask its Allies to study with it the question of the reimbursement of the

⁶⁴ Not printed.

⁶⁵ For the substance of the note of Mar. 28, see telegram no. 139, Mar. 29, 4 p.m., from the Ambassador in France, p. 225.

costs of the American army of occupation and endeavor to find the measures susceptible of giving satisfaction to the request made by the Embassy of the United States.

PARIS, May 18, 1922.

462 00 R 294/84

The Ambassador in Italy (Child) to the Secretary of State

No. 320

ROME, May 22, 1922.

SIR: I have the honor to enclose herewith translation of a *Note Verbale* dated May 15th from the Italian Foreign Office, in reply to the representations made in accordance with your instructions in regard to the reimbursement of the expenses of the American Army of Occupation.

It will be noted that, as reported in confidential telegram No. 72 of May 8, 2 p.m.,⁶⁶ the objections of the Italian Treasury have been omitted from the text of the reply.

I have [etc.]

RICHARD WASHBURN CHILD

[Enclosure—Translation]

The Italian Minister for Foreign Affairs (Schanzer) to the American Ambassador (Child)

ROME, May 15, 1922.

MR. AMBASSADOR: In reply to Note No. 260 of March 22nd and Note Verbale No. 264 of March 25th,⁶⁷ addressed to me by Your Excellency, communicating the point of view of the Federal Government of the United States of America in regard to the reimbursement of the expenses of the Army of Occupation maintained by it on the Rhine, I have the honor to inform you that the Royal Italian Government, not having participated with its own forces in the occupation of the Rhine territory, has never contested the right of the United States to such a reimbursement.

The question at this moment forms the subject of an exchange of views between the Governments of Italy, Britain, France and Belgium, with the intention of reaching a common accord as quickly as possible.

Accept [etc.]

SCHANZER

⁶⁶ Not printed.

⁶⁷ See telegrams to the Ambassador in France, nos. 90 and 92, Mar. 20 and 22, respectively. pp. 220, 224.

462.00 R 294/82 : Telegram

The Ambassador in France (Herrick) to the Secretary of State

PARIS, May 29, 1922—4 p.m.

[Received 5:25 p.m.]

216. Reference my despatch number 1906, May 19th, relative costs of Army of Occupation. I am in receipt of note from Foreign Office dated to-day stating that French suggestion that Allied representatives in Paris should be charged with examining the question has been accepted by the other Governments and the French Government consequently intends to call meeting as soon as possible.

Copy and translation will be forwarded by next pouch.⁶⁸

HERRICK

462.00 R 294/82 : Telegram

The Secretary of State to the Ambassador in France (Herrick)

WASHINGTON, June 4, 1922—2 p.m.

175. Your 216, May 29, 4 p.m.

(1) Please acknowledge Foreign Office notes of May 18⁶⁹ and 29⁷⁰ and say "the Government of the United States notes with gratification the action taken by the French Government with a view to arriving at a prompt settlement of the question of the reimbursement of the costs of the American Army of Occupation."

(2) [Paraphrase.] Ambassador Harvey has been instructed to repeat for your confidential information my cable of April 6 containing tentative basis for arrangement satisfactory to the United States for payment of American Army costs. This should be shown to Boyden. You and Boyden may in your discretion use this information in conversations, if there is a favorable opportunity. You should bear in mind that the suggestions made are informal and tentative and merely to facilitate discussion. [End paraphrase.]

HUGHES

462.00 R 294/88 : Telegram

The Ambassador in France (Herrick) to the Secretary of State

PARIS, June 22, 1922—11 p.m.

[Received June 23—12:22 p.m.]

255. With reference to my 216, May 29, 4 p.m. I am informed that first meeting of Allied representatives to discuss question of

⁶⁸ Not printed.⁶⁹ *Ante*, p. 229.⁷⁰ Not printed.

cost of our Army of Occupation was held at Foreign Office here today but that no definite conclusions were reached.

HERRICK

462.00 R 294/104

The French, British, and Italian Embassies to the Department of State

The memorandum of March 22nd and the supplementary note of March 23rd in which are set forth the views of the Government of the United States concerning the reimbursement of the costs of their army of occupation on the left bank of the Rhine, have received the fullest consideration by the Allied Governments concerned. These Governments have already indicated their willingness to find a practical means of meeting the desires of the United States Government in this matter, so that it does not seem necessary at present to subject the reasoning contained in the United States notes to a detailed examination.

The Allied Governments have equally noted with pleasure the expressed readiness of the United States Government to consider suggestions for the reasonable adjustment of the question. In order therefore to examine the matter as a whole, the Allied Governments would be glad if the United States Government would be good enough to nominate a representative who could meet the Allied delegates in Paris forthwith. The presence of such a representative would enable the Allied Governments to obtain full information on certain aspects of the question in regard to which they are at present in some doubt.

The Allied Governments feel sure that this procedure will make it possible to prepare for submission to the interested Governments at an early date a solution to the question under discussion which will prove satisfactory to all parties concerned.

WASHINGTON, November 8, 1922.

462.00 R 294/105½

Memorandum by the Secretary of State of a Conversation with the French, Belgian, and British Ambassadors and the Italian Chargé, November 8, 1922

The French Ambassador presented a memorandum on behalf of the four Powers¹ in answer to the communication[s] of this Gov-

¹ Memorandum of Nov. 8, *supra*.

ernment in March, last, with respect to the cost of its army of occupation on the Rhine. The French Ambassador read the memorandum and said that he merely desired to add that the situation was a very difficult one from a financial standpoint and that he hoped a way would be found to meet the American wishes without disturbing what had already been done; that of late Germany had been making payments only in kind and possibly some arrangement could be made to pay the United States in some manner. The Secretary asked the other Ambassadors and the Italian Chargé if they desired to add anything to the note or to say anything in addition to what the French Ambassador had said and they said they did not.

The Secretary said that in hearing the note read he had observed a reference to some matters to which our Government desired additional information. The Secretary said he supposed there had been no question about the facts which had been jointly fully presented in a confidential memorandum and the accounts prepared by the Reparation Commission, and he wondered what required further elucidation. The British Ambassador said he understood they did not refer to any question of fact but only as to the way in which payment could be arranged for and the method of adjustment which would be satisfactory to the United States. The Secretary said that he appreciated the difficulties of the situation and while he would not at the moment make a definite response to the invitation he viewed with favor any direct method of approaching the matter with a view to a just settlement. The Secretary said that from the start his principal aim had been that the United States with respect to the army costs should not be put at a disadvantage as compared with the other Powers, as the United States had maintained its army really not in its own interest but at the request of, and in the interest of, the other Powers, and he thought that they should be treated on the same footing. The American Government would be very glad to take the matter up in a friendly spirit to see what practicable course could be adopted.

462.00 R 294/104

*The Department of State to the French Embassy*⁷²

The Governments of France, Great Britain and Italy, in the memorandum of November 8, 1922, handed to the Secretary of State on that date by their diplomatic representatives at Washington, with respect to the reimbursement of the cost of maintaining the American Army of Occupation in the Rhineland, refer to the

⁷² The same to the British and Italian Embassies.

expressed readiness of the Government of the United States to consider suggestions for the reasonable adjustment of the question, and reiterate their willingness to find a practical means of meeting the desires of the United States Government in this matter. In order, therefore, to examine the matter as a whole, they invite the Government of the United States to nominate a representative who could meet with the delegates of the Governments concerned in Paris forthwith, and express the belief that such a procedure will make it possible to prepare for submission to the interested Governments at an early date a satisfactory solution of the question under discussion.

The Government of the United States welcomes the suggestion that it nominate a representative, and has designated Mr. Eliot Wadsworth, Assistant Secretary of the Treasury, to meet the delegates of the Governments concerned in Paris, to which city he will proceed as soon as possible.

WASHINGTON, *November 22, 1922.*

CESSATION OF AMERICAN PURCHASE OF GERMAN DYES FROM THE REPARATION COMMISSION"

462 00 R 295/40a

The Secretary of State to President Harding

WASHINGTON, *August 16, 1922.*

DEAR MR. PRESIDENT: Following the signature of the Treaty of Versailles in the summer of 1919, it was manifestly important that some arrangement be made by which American consumers might obtain the advantage of receiving German reparation dyes. Inasmuch as the treaty was not ratified by the United States, this Government was technically not entitled to receive these dyes under the treaty. However, as a part of the general equity of the United States in the peace settlement, it was recognized that the United States should have some participation. The need was particularly acute in view of the shortage of German dyestuffs in the United States, and it seemed necessary to make some arrangement in order that American consumers might not suffer.

Accordingly, representatives of the United States were sent to a conference on the dye situation held at London in September, 1919. This conference adopted a resolution recommending to the Committee on Organization of the Interim Reparation Commission that the immediate needs of the several countries concerned be met from

"For previous correspondence concerning the purchase of dyestuffs, see *Foreign Relations*, 1920, vol. II, pp. 445 ff.

German stocks impounded pursuant to paragraph one of Annex VI of Part VIII of the Treaty of Versailles. The plan proposed was adopted by the Interim Commission and placed in effect. American participation under this plan was approved by the Department of State, and on September 29, 1919, the Department addressed a letter to the Textile Alliance⁷⁴ suggesting that the Department would be prepared to have the Textile Alliance import and distribute the dyes in question subject to the following principal conditions: (1) the War Trade Board Section of the Department of State was to allocate the dyes among consumers; (2) the orders were to be placed and the technical arrangements made by the Textile Alliance; (3) the prices to be paid by consumers should be those agreed upon in Paris and communicated to the Alliance; and (4) the Textile Alliance was to receive a commission to cover expenses, any overplus to be distributed *pro rata* among the consumers. The conditions stipulated by the Department were accepted by the Textile Alliance.

In April, 1920, this Department made a further arrangement with the Textile Alliance for the importation and distribution of additional German dyes.⁷⁵ This arrangement was similar to the foregoing, but provided in addition that the Alliance should not charge prices considered unreasonable by the Department of State, that there should be no discrimination on the part of the Alliance between consumers of dyes, and that the net profits resulting from the proposed operation should be paid into the Treasury of the United States "on such conditions as shall be authorized by the Secretary of State and the Secretary of the Treasury."

Since it appeared advisable to obtain for American consumers the benefits of receiving a share of the current German production as well as the impounded stocks, another letter was addressed to the Textile Alliance under date of July 30, 1920,⁷⁶ outlining an arrangement to take the place of previous arrangements.

The arrangement of July 30, 1920, specified in more detail the plan of operations of the Alliance in the matter, and contained a modification in regard to the disposition of the surplus resulting from its operations. The arrangement provided, in substance, that one-fourth of the surplus should be devoted by the Alliance to educational and scientific purposes, and that the remainder should be paid into the Treasury of the United States, the Secretary of State to recommend that said moneys be appropriated for educational and scientific purposes. I may say, parenthetically, that up to the present it has not been possible to bring about the payment of these moneys into the Treasury because of certain questions not as yet

⁷⁴ Letter not printed.

⁷⁵ See *Foreign Relations*, 1920, vol. II, p. 495.

⁷⁶ *Ibid.*, p. 501.

settled between this Department and the Alliance. The question of modifying this arrangement in the sense that the surplus should be paid into the Treasury on account of the costs of the American Army of Occupation is under consideration. I have not learned whether the suggested modification will be agreeable to those who underwrote the purchase of these dyes, but the matter is under active consideration and an early decision appears likely. Of course, we cannot insist upon payment into the Treasury without performing a condition, that is, making the above-mentioned recommendation to Congress, unless the Textile Alliance should be disposed to modify the arrangement on this point. The Textile Alliance received and sold reparation dyes under this arrangement until the close of 1921. However, a new situation was created by the proclamation of our treaty with Germany in November, 1921.⁷⁷ The wartime powers of the Executive had ended, and although the United States was clearly entitled to receive these dyes, it did not appear that the Executive had authority to continue the arrangement with the Textile Alliance. Accordingly, in a letter dated December 14, 1921,⁷⁸ I notified the Textile Alliance of the termination of the arrangement in question.

You will recall that the situation resulting from the termination of this arrangement was taken up with you by Mr. Fletcher, when he was Acting Secretary of State, in February last. In response to Mr. Fletcher's letter of February 24, 1922,⁷⁸ with which he forwarded to you certain data relating to this matter, you replied under date of March 2⁷⁸ in the sense that it was your judgment that the matter was one that called for Congressional action, and that "it seems only fair to permit Congress to venture upon a line of solution, which is in accordance with its own expression of policy." You will also recall that you wrote to Senator Frelinghuysen on February 20,⁷⁸ that the United States should "get the benefit of such reparation credit as might come to us through the German export of dyes to this country." You also suggested that the Senator should confer with some of his associates "regarding a resolution which will deal with the dye question definitely and directly."

I now desire to summarize the developments that have occurred since the time of the aforementioned correspondence, and also to lay before you the present situation.

Since the termination of the arrangement between this Department and the Textile Alliance, in December, 1921, the Reparation Commission has continued to allot dyes to the Alliance. This action has been due in large part to the fact that the Textile Alliance

⁷⁷ *Foreign Relations*, 1921, vol. II, p. 29.

⁷⁸ Not printed.

had previously been in close relation to the Reparation Commission, during the period in which it has been receiving these dyes in accordance with the arrangement between the Alliance and this Department. However, the Reparation Commission has desired that this Government should indicate positively in what manner it wished the American share of these dyes to be disposed of. In view of the fact that, under existing legislation, neither the Department of State nor, so far as I am aware, any other of the executive departments is clothed with adequate authority in the matter, it has not been possible for this Government to take such action as it might otherwise have wished to take.

On April 28, 1922, Mr. Boyden telegraphed ⁷⁹ that the Reparation Commission had decided to continue relations with the Textile Alliance up to June 30, 1922, and indicated that a further extension was unlikely. The following is quoted from the decision of the Commission:

"That the application of the arrangements at present in force should be continued until June 30th next, in the hope that before that date a decision might have been arrived at by the Committee which the U.S. Government had appointed to consider the question. Mr. Boyden would cable to America in order to hasten the decision of the above mentioned Committee as far as possible."

On June 12 Mr. Boyden telegraphed again,⁸⁰ reporting that the situation remained as before and that relations between the Commission and the Alliance were likely to come to an end on June 30.

On June 16 Senator Shortridge introduced in the Senate a Joint Resolution which would give the President authority to take such measures as might be necessary to secure these dyes. I am attaching a copy of this Resolution for your convenience.⁸⁰

In view of this situation, it was deemed advisable to address a telegraphic instruction to Mr. Boyden, under date of June 23,⁸⁰ requesting him to inform the Reparation Commission of Senator Shortridge's resolution. Mr. Boyden was also instructed to make to the Commission a statement similar to that which he had previously made at the time arrangements with the Textile Alliance were terminated in December last, to the effect that this Government would interpose no objection to the continuance of deliveries to the Alliance. On June 30 the Reparation Commission decided to continue its relations with the Textile Alliance pending action by the Congress of the United States.

⁷⁹ Telegram not printed; Roland W. Boyden was acting as American unofficial representative on the Reparation Commission.

⁸⁰ Not printed.

It now appears that the Textile Alliance does not intend to place further orders for reparation dyes. A statement purporting to be an official announcement of the Alliance to this effect was published in the Press on July 31, but this Department is without advices in the matter from the Alliance.

Upon the termination of the arrangement between this Department and the Textile Alliance, a number of American importing firms expressed a desire to obtain reparation dyes. This Department has interposed no objection to the procurement of dyes from the Commission by such firms, but, as explained above, the Commission has continued provisionally to deal with the Alliance.

Whatever may be the intentions of the Textile Alliance or the importing agencies concerned, the fact remains that it is most anomalous that the enjoyment of the benefits from the receipt of these dyes should depend upon the action of private organizations which are independent of governmental supervision or control. Under existing arrangements the Government of the United States is entitled to about one-fifth of any reparation dyes that may be obtained from Germany by the Reparation Commission. The arrangements made between this Department and the Textile Alliance during the past administration had as their object the receipt by the Textile Alliance, for distribution to American consumers, of the American share of these dyes. The Textile Alliance has paid to the Reparation Commission the so-called "reparation prices" for these dyes; these prices are relatively cheap, since they are based upon the domestic selling prices in Germany. The sums paid by the Alliance have gone into the general reparation funds and have been distributed, mostly to Belgium on account of Belgian priority.

It has also been anomalous that the United States, while owed large sums by Germany for the cost of the American Army of Occupation and for American claims, should not have received these dyes for nothing. As long as the United States had not ratified the Treaty of Versailles there seemed no remedy for this situation. Now, however, in view of the Treaty with Germany, proclaimed November 14, 1921, the United States has been accorded the rights and benefits under the reparation clauses of the Treaty of Versailles that it would have possessed had that treaty been ratified by this country. Accordingly, I have felt that an arrangement should be made, if possible, by which these dyes might be received and credited upon the claims of this Government. Since last March, when communications were addressed to the Allied Governments in regard to the payment of the cost of the American Army of Occupation,⁸¹ negotiations with these governments have been undertaken

⁸¹ See telegrams no. 90, Mar. 20, and no. 92, Mar. 22, to the Ambassador in France, pp. 220, 224.

with a view to devising a suitable means by which the sum due to this Government could be paid. The difficulties from the point of view of these governments are, of course, great, and as yet it has not been possible to make much progress in the matter. However, since it appeared possible and desirable to obtain at least the benefit of the value of these dyes, I instructed the Ambassador at Paris, on June 24,⁸² in cooperation with Mr. Boyden, to inquire whether the respective governments would be willing for the United States to receive reparation dyes in the future for nothing, the proceeds to be applied to pay current army costs and any surplus, should it exist, to be applied to the payment of accumulated costs.

I have now been advised that the Governments of France, Belgium, Italy, and Great Britain are willing that the proceeds of the disposition of the American share be applied to meet current army costs. It is not clear from the message received whether the accumulated costs are also included, but I do not anticipate any difficulty on this score.

As it appears possible for this Government to obtain reparation dyes for nothing, the importance of having authority to deal with this situation more definitely and directly is obviously enhanced. I feel that it would be most unfortunate if American consumers of these dyes should be deprived of the opportunity to obtain them cheaply and become dependent upon the German cartel, and also if this Government should be unable to receive the proceeds of their sale as a credit on its claims. The danger exists that both of these unfavorable contingencies will result, unless this Government can take some action.

Colonel Logan, who is acting in Mr. Boyden's place during his absence in the United States, has reported by telegraph⁸² that the Dyestuff Bureau of the Reparation Commission is likely to recommend to the Commission, if the Textile Alliance takes no further dyes, that the share of the United States be held at its disposal for one month and then turned into the common pool.

To recapitulate, the points to be noted are these:

- (1) It is desirable that the United States should receive reparation dyes.
- (2) It is desirable to receive them without payment on account of current and accumulated army costs. It now appears that this can be arranged.
- (3) In view of our treaty rights, I suppose you have authority to receive these dyes.
- (4) The difficulty is as regards their importation and distribution in the United States for the benefit of American consumers. Suit-

⁸² Not printed.

able action to this end, I take it, requires more adequate authority than the Executive now possesses with respect to the disposition of public property. Congress ought to give this authority.

(5) There are also questions as regards settlement with the Textile Alliance, but these are distinct and can be disposed of in due course.

In view of this situation, I should be glad to have an opportunity to discuss the matter with you whenever it may suit your convenience.

Faithfully yours,

CHARLES E. HUGHES

462.00 R 295/115 : Telegram

The Ambassador in France (Herrick) to the Secretary of State

PARIS, January 3, 1923—5 p.m.

[Received January 3—2:15 p.m.]

3. B-820. As a result formal notice from Textile Alliance its cessation dyestuff purchases Commission decided distribute between Great Britain, France, Italy and Belgium percentage dyes formerly taken by Textile.

Decision states if later United States Government propose to resume dyestuff orders Commission will reexamine the question. Informally seems taken for granted United States can start again whenever ready. In this connection we call your attention to delay which will ensue between time when you actually ready start and time when your orders will really become effective such delay resulting necessarily from procedure governing orders and allotments. Boyden.

HERRICK

AGREEMENT, AUGUST 10, 1922, BETWEEN THE UNITED STATES AND GERMANY FOR A MIXED CLAIMS COMMISSION

462 11 W 892/31 : Telegram

The Chargé in Germany (Dresel) to the Secretary of State

[Paraphrase]

BERLIN, February 22, 1922—3 p.m.

[Received 10:37 p.m.]

30. Please refer to Department's instruction no. 1376, August 20, 1921, 6 p.m.,⁸⁴ the first part of which I communicated verbatim to the German Government on August 22 in a memorandum. I took it to mean that it explicitly contemplated the immediate negotiation of a commercial treaty and now find some difficulty in persuading

⁸⁴ *Foreign Relations*, 1921, vol. II, p. 19.

the Government here that the settlement of claims against Germany should precede the negotiation of such a treaty.

The Foreign Office has just handed me a memorandum which raises this point and protests the alleged injustice that is involved and states that it does not seem desirable that commercial negotiations be made to depend upon the settlement, possibly postponed for some length of time, of other questions.

In conversation with me as well as in the memorandum the Foreign Office expresses the view that the establishment of a mixed commission does not seem to be inadvisable but it assumes that a commission of this sort would have to determine not only the amounts to be paid but also to decide on the justification of the demands. It would be necessary to determine the categories of the indemnities for Germany to pay, and to make clear questions of finance. The Foreign Office requests the Department's suggestions on the composition of the commission. The Foreign Office also asks further if the establishment of such a commission as this would mean a waiver on the part of the United States of its right to take part in the reparations proceedings established under the Versailles Treaty. The Foreign Office assumes that such a waiver is intended but it would like to have a direct statement saying so.

DRESEL

462.11 W 892 '31a : Telegram

The Secretary of State to the Chargé in Germany (Dresel)

WASHINGTON, April 15, 1922—2 p.m.

51. Your 30, February 22. 3 p.m., regarding claims and commercial treaty. Please address a note to the Foreign Office in the sense of the following:

"My Government does not object to action looking to the negotiation of a commercial treaty; it will consider suggestions in relation to the subject which the German Government may desire to make; and it is prepared itself to submit in a short time a draft of a comprehensive commercial treaty for the German Government's consideration.

"However, the negotiation of such a treaty should not stand in the way of nor delay action respecting determination of claims. In connection with the preliminary steps proposed by my Government, it is believed that it would facilitate prompt disposition of the matter if financial questions concerning particular methods of payment are not raised. But with a view to the ultimate appropriate disposition of such questions it is desirable that amounts of claims should be determined as soon as possible. It is not the intention of my Government that the mixed Commission to pass on claims which have

been proposed should not consider questions of liability where the facts are in dispute. Rules of liability, however, are prescribed by the Treaty of Versailles and by the Treaty concluded between the United States and Germany at Berlin, August 25, 1921,⁸⁵ which contemplates the making of suitable arrangements for the satisfaction of American claims arising out of acts committed by the German Government or its agents since July 31, 1914, and secures to the United States and its nationals rights and advantages stipulated for their benefit in the Treaty of Versailles.

The obligations of Germany which a mixed arbitral tribunal would pass upon can be briefly indicated as follows: (1) claims of American citizens in respect of damage to, or seizure of, their property, rights and interests within German territory; (2) other claims growing out of loss, damage or injury resulting from acts of the German Government or its agents; (3) debts owing to American citizens by the German Government or by German nationals.

In the opinion of my Government the amounts of all classes of claims could in the most practical manner be determined by a Mixed Commission of adequate membership organized under the general plan which has been suggested. The Government of the United States would be glad to be informed at an early date of the German Government's views concerning these proposals."

Following the presentation of a note in the sense of the foregoing, you will please supplement it in an interview with the German Foreign Minister and urge on him the desirability of prompt steps being taken with a view to having the amounts of debts and claims assessed.

HUGHES

462.11 W 892/33 : Telegram

The Ambassador in Germany (Houghton) to the Secretary of State

BERLIN, May 5, 1922—5 p.m.

[Received May 6—12:04 a.m.]

87. Your 51, April 15, 2 p.m., Embassy's 76, April 18, noon.⁸⁶ At Von Haniel's⁸⁷ request had interview with him Wednesday. He stated conversation would be wholly informal and largely to enable him to frame reply to Embassy's note. Two problems were involved: First, commercial treaty; second, matter of claims. Regarding former he suggested desirability of the revival, with such modifications as may be necessitated by post war conditions, of all treaties in force between the United States and Germany before the war or certain of them, the complete list made by him being as follows: (1) Patent Convention February 23, 1909; (2) Copyright

⁸⁵ For text of treaty, see *Foreign Relations*, 1921, vol. II, p. 29.

⁸⁶ Latter not printed.

⁸⁷ German Secretary of State in the Ministry of Foreign Affairs.

Agreement January 15, 1892; (3) Treaty of Commerce and Navigation May 1, 1828; (4) Extradition Convention June 16, 1852; (5) Naturalization Convention February 24 [22], 1868; (6) Consular Convention December 11, 1871.⁸⁸ Some of these, as for instance consular treaty, he thought might be put into effect at once. Others would require considerable modification. He thought immediate action desirable. I replied that we were not ourselves especially anxious for commercial treaty at this time but agreeable to their request were willing to discuss matter and were awaiting suggestions from them as well as preparing a draft treaty ourselves. I pointed out, however, that an agreement regarding claims must be reached before a commercial treaty could possibly be concluded. This, Von Haniel admitted. Regarding claims he said problem for mixed commission in his opinion was to divide claims into definite categories. I referred to Department's telegram and said we believed amount of claims should first be determined in accordance therewith. Method of settlement could be taken up later. Discussion then turned to composition of mixed commission. All agreed a small commission consisting of one American and one German was desirable. Von Haniel believed third member unnecessary and thought agreement could readily be reached by two. I pointed out that if disagreement resulted, however, it might be on points which would make choice of third man difficult and said for that reason it seemed better to name him at the outset. Von Haniel agreed that Germany's experiences with neutral arbiters had not been happy. I suggested that it might be possible to name a second American of high position and said I thought a request from him along these lines would have good effect on Congress. After further discussion matter was left for further examination.

HOUGHTON

462.11 W 892/34 : Telegram

The Ambassador in Germany (Houghton) to the Secretary of State

BERLIN, June 3, 1922—noon.

[Received June 4—11:45 a.m.]

113. Department's 51, April 15, 2 p. m.; 63, May 8, 5 p. m.;⁸⁹ Embassy's 76, April 18, noon⁹⁰ and 87, May 5, 5 p. m.

Was received by Rathenau,⁹⁰ June 1; by Wirth,⁹¹ noon yesterday, and late in afternoon was sent for by Von Haniel who presented to me a

⁸⁸ For Department's reply, see p. 267.

⁸⁹ Not printed.

⁹⁰ German Minister for Foreign Affairs.

⁹¹ German Chancellor.

personal letter from Rathenau with annex. Translation of personal letter as follows:⁹²

"Foreign Office, Berlin, June 2, 1922.

My dear Mr. Ambassador: I was especially pleased to make your acquaintance yesterday and to be convinced during our interview how far we agree in the belief that the restoration of a relation of candor and trust represents the chief task of those to whom is entrusted the fostering of diplomatic relations between our two countries. During our conversation you said that, among other things, you attached particular value to the settlement of American claims under our peace treaty, and I should like to express to you again, in this way, that as early an understanding as is possible lies especially near my heart also. Annexed hereto I have the honor to send you a note which replies to the note which on April 17 last Mr. Dresel addressed to Secretary of State von Haniel.⁹³ From this note you will see that the valuable suggestion you made to Mr. von Haniel has been taken into account. I do not believe any settlement can be found calculated to solve this important question of American claims in a more trustworthy and friendly manner.

With the assurance of my most distinguished consideration, I am sincerely yours, Rathenau."

Translation of annex which embodies, as stated, reply to Embassy's note of April 17 last is as follows:

"Foreign Office, Berlin, June 2, 1922.

My dear Mr. Ambassador: In reply to the note of the Chargé d'Affaires of the United States of America, Mr. Ellis Loring Dresel, of April 17, 1922, I have the honor to state to Your Excellency as follows:

I have noted with satisfaction the statement that the Government of the United States of America is ready to enter into negotiations for a commercial treaty and to receive suggestions and desires of the German Government in connection therewith, and I hope that thus a procedure has been begun which will lead to the restoration and extension of the far reaching friendly relations between Germany and the United States. From this consideration, I beg therefore to propose that the well tried pre-war treaties be put into effect again so far as this has not already been done and so far as modifications of mutual legislation have not become necessary as a result of developments since that time. In cases in which such modifications seem necessary, it would, in my opinion be advisable to take the old treaties as a basis for the new ones to be concluded and so far as possible to use the text of the old treaties.

So far as regards the establishing of American claims the German Government, too, is of the opinion that a speedy settlement of this question is urgently desirable in the interests of both countries concerned. In accordance with the suggestion made by the Gov-

⁹² Translation has been revised from the German text transmitted by the Ambassador in despatch no. 48, June 6 (not printed).

⁹³ See Department's telegram no. 51, Apr. 15, to the Chargé in Germany, p. 241.

ernment of the United States of America, the German Government believes also that for this purpose a mixed commission should be established in the first place. This might consist of one representative of each Government concerned who would be given the necessary officials and experts to aid him.

It would be the task of the commission to reach an understanding as to basis and amount of the claims to be presented by the United States out of [*under*] the treaty concluded between Germany and the United States on August 25, 1921, at Berlin. The German Government does not doubt that such an understanding will be reached without difficulty since the American Government, at the conclusion of the above mentioned treaty at Berlin, declared to the German Government through the intermediary of its representative at that time that it desired a fair and just settlement of the questions still pending between the two countries.

Relying upon this promise, the German Government has the honor to propose that the President of the United States be requested by it to cause a prominent American citizen whose capabilities and character are beyond criticism to take over the honorary chairmanship of the commission mentioned. Should the representatives of the two countries then not agree at once in one or another difficult question, they might then request the chairman to render an opinion which would make it possible for the two representatives to reach an agreement.

The German Government joins in the opinion expressed through Mr. Dresel that it appears expedient to approach a settlement of the financial questions regarding the payment of the claims only when, as a result of the work of the commission, more exact information for the judgment of the amount[s] in question shall be at hand. This can be done probably soon and in any case before the conclusion of all the work of the commission so that also these questions may be led to a speedy solution.

I should be grateful to Your Excellency if you would inform me of the views of your Government on these proposals and advise me whether a commission as described [in] the foregoing can be formed immediately. At the same time I take this opportunity to renew to you, Mr. Ambassador, the assurance of my most distinguished consideration. Rathenau."

[Paraphrase.] After I had read the note I asked Von Haniel why old treaties were mentioned and he replied that the commercial treaty was not meant, but that he thought that other treaties such as consular convention, etc., could be drawn more easily and time saved were they to be based on an earlier form. He added that he had no objection at all to new treaties if time could be saved thereby. I likewise commented on the vagueness of form in which the powers of the third member of the commission were set forth. Von Haniel answered that this was in part because they wished to avoid seeming to dictate and in part because they wished to avoid criticism at home. He stated, however, both frankly and definitely that the decision of the honorary chairman would be final. I should like to

add that in my opinion the German Government, especially Wirth and Rathenau, are honestly striving to meet American wishes in every way possible. [End paraphrase.]

HOUGHTON

462.11 W 802/35 : Telegram

The Secretary of State to the Ambassador in Germany (Houghton)

[Paraphrase]

WASHINGTON, June 21, 1922—6 p.m.

86. The first mention concerning the German proposal for a Mixed Claims Commission made in the American press in a dispatch from Berlin on June 7, was so accurate that its inspiration was evidently from an authoritative source.

Referring to Rathenau's note of June 2, you may state in reply to the Foreign Office that the Department appreciates the suggestion of the German Government for the formation of a Joint Claims Commission, the honorary chairman of which shall be a prominent American citizen of unquestioned standing to be appointed by the President of the United States, this honorary chairman to act as umpire should the other two members of the Commission fail to reach an agreement.

The Government of the United States is glad to accept the proposal of the German Government if statements made to you personally may be considered the authentic explanation of the chairman's function. A draft convention which defines the composition and powers of the Commission has been drawn up and its text will be cabled to you in a few hours.

You are informed in strict confidence that if the Commission is established along the lines specified, Justice William Rufus Day of the United States Supreme Court is willing to serve as chairman.⁹⁴

HUGHES

462.11 W 802/35 : Telegram

The Secretary of State to the Ambassador in Germany (Houghton)

WASHINGTON, June 22, 1922—12 noon.

87. See Department's No. 86, June 21, 6 p.m. The following is the draft agreement therein referred to which you will lay before the Foreign Office for its consideration:

"The United States of America and Germany, being desirous of determining the amount to be paid by Germany in satisfaction of

⁹⁴On June 22 the Ambassador was instructed to inform the German Government that President Harding would appoint Justice Day.

Germany's financial obligations under the Treaty concluded by the two Governments on August 25, 1921, which secures to the United States and its nationals rights specified under a Resolution of the Congress of the United States of July 2, 1921,⁹⁵ including rights under the Treaty of Versailles, have resolved to submit the questions for decision to a Mixed Commission and have appointed as their Plenipotentiaries for the purpose of concluding the following agreement:

The President of the United States of America ;
and

The President of the German Empire ;

Who, having communicated their full powers, found to be in good and due form, have agreed as follows:

ARTICLE I

The Commission shall pass upon the following categories of claims which are more particularly defined in the Treaty of August 25, 1921, and in the Treaty of Versailles;

(1) Claims of American citizens, arising since July 31, 1914, in respect of damage to, or seizure of, their property, rights and interests, including any company or association in which they are interested, within German territory as it existed on August 1, 1914;

(2) Other claims for loss or damage to which the United States or its nationals have been subjected with respect to injuries to persons, or to property, rights and interests, including any company or association in which American nationals are interested, since July 31, 1914, as a consequence of the war;

(3) Debts owing to American citizens by the German Government or by German nationals.

ARTICLE II

The Government of the United States and the Government of Germany shall each appoint one Commissioner. The President of the United States shall appoint an Umpire to decide upon any cases concerning which the Commissioners may disagree, or upon any points of difference that may arise in the course of their proceedings. Should the Umpire or any of the Commissioners die or retire, or be unable for any reason to discharge his functions, the same procedure shall be followed for filling the vacancy as was followed in appointing him.

ARTICLE III

The Commissioners shall meet at Washington within two months after the coming into force of the present Agreement. They may fix the time and the place of their subsequent meetings according to convenience.

ARTICLE IV

The Commissioners shall keep an accurate record of the questions and cases submitted and correct minutes of their proceedings. To

⁹⁵ *Foreign Relations*, 1921, vol. II, p. 3.

this end each of the Governments may appoint a Secretary, and these Secretaries shall act together as joint Secretaries of the Commission and shall be subject to its direction.

The Commission may also appoint and employ any other necessary officer or officers to assist in the performance of its duties. The compensation to be paid to any such officer or officers shall be subject to the approval of the two Governments.

ARTICLE V

Each Government shall pay its own expenses, including compensation of its own Commissioner, Agent or Counsel. All other expenses which by their nature are a charge on both Governments, including the honorarium of the Umpire, shall be borne by the two Governments in equal moieties.

ARTICLE VI

The two Governments may designate agents and counsel who may present oral or written arguments to the Commission.

The Commission shall receive and consider all written statements or documents which may be presented to it by or on behalf of the respective Governments in support of or in answer to any claim.

The decisions of the Commission and those of the Umpire (in case there may be any) shall be accepted as final and binding upon the two Governments.

ARTICLE VII

The present Agreement shall come into force on the date of its signature.

In faith whereof, the above named Plenipotentiaries have signed the present Agreement.

Done in duplicate at this day of 1922."

HUGHES

462.11 W 802/35

The Secretary of State to the Ambassador in Germany (Houghton)

No. 3055

WASHINGTON, June 23, 1922.

SIR: Referring to the Department's telegram No. 87 of June 22, 1922, I enclose herewith a copy of the draft Agreement⁹⁶ therein communicated to you. The Agreement was telegraphed to you with a view to expediting consideration of it by the German Government. It is not improbable that some errors may have occurred in transmission, and if such is the case, a corrected copy should be furnished to the Foreign Office.

⁹⁶ Not printed; see *supra*.

While any objections or modifications which the German Government may suggest should be promptly telegraphed to the Department for its consideration, it is deemed advisable to furnish you with a brief statement of the considerations which the Department had in mind in framing the draft and which you may communicate to the Foreign Office in the sense of the following:

As the German Government has already been informed, it is considered very desirable that action should be taken as soon as possible with a view to determining the amounts of claims against the German Government. In connection with the action required for that purpose, it is not necessary to raise financial questions concerning particular methods of payment. The draft Agreement in its Article I states matters to be passed upon by a Mixed Commission. These matters are covered more particularly by provisions of the Treaty concluded between the United States and Germany on August 25, 1921, and of the Treaty of Versailles, which provisions will naturally be considered by the Commission in making its decisions. Some of the claims such as those specified in paragraph (1) of Article I of the Agreement might have been passed upon by the Mixed Arbitral Tribunal provided for under Article 304 of the Treaty of Versailles. This Tribunal, however, was not created by the two Governments within the period specified for its establishment, and an appropriate method of carrying out the purposes of determining the amounts of all claims would appear to be to have the several categories of claims enumerated in the draft passed upon by a mixed commission such as is provided for in Article II of the draft Agreement. The establishment of the commission would not necessarily interfere with desirable private settlement of claims or settlements of any particular class of claims according to arrangements that might be made between the two Governments.

With a view to enabling the Commission properly to deal with the great amount of labor which will necessarily devolve on it, provision has been made in the second paragraph of Article IV of the draft for the employment of necessary officers to assist in the performance of the Commission's duties.

The friendly proposal of the German Government that the President of the United States should name a prominent American citizen to take over duties which it is understood would be in the nature of those of an umpire naturally prompted an endeavor to obtain a man of eminent qualifications for this position. Mr. Justice Day is such a person. There is enclosed herewith a brief sketch of his official career.⁹⁷

I am [etc.]

CHARLES E. HUGHES

⁹⁷ Not printed.

462.11 W 802/42 : Telegram

The Ambassador in Germany (Houghton) to the Secretary of State

BERLIN, July 17, 1922—6 p.m.

[Received July 18—1:42 p.m.]

141. Your 87. June 22, noon. Foreign Office this morning handed me revised draft of claims agreement with written memorandum and reasons for change. Cordial approval is given in principle. Full text of the revised agreement and of memorandum being sent by mail.⁹⁸ Paraphrase of reasons is as follows:

1. According to the German Constitution necessary to insert a clause providing that the decisions of the Commission or of the arbitrator must be approved by the Reichstag. It is therefore proposed that the last paragraph of article number 6 in the Department's draft shall read "the decisions of the Commission and those of the umpire (in case there may be any) shall be accepted as final and binding upon the two Governments subject to ratification of in accordance with the constitutional forms of the two parties."

2. The German Government proposes to strike out under paragraph 3, article 1, of Department's draft the four words "or by German nationals" on the ground that the procedure of the Commission can only affect claims between governments. To support this contention it is asserted that according to the German Constitution private rights cannot be affected by an agreement between the two Governments which is not ratified by the Parliament previous to signature. The memorandum points out further that in the preamble of the Department's draft mention is made "of the amount to be paid by Germany in satisfaction of Germany's financial obligation".

3. German Government assumes American Government does not intend to avail of article number 304, Versailles Treaty, relating of [to] mixed arbitral tribunal for private debts and states therefore advisable for American Government to make declaration of non-intention upon signature of the agreement. Memorandum states further that the form of the first two paragraphs of article number 1 might lead to the assumption that the American Government intends to include not only all claims contemplated in the Versailles Treaty but in addition [claims which?] might go beyond this treaty (such as those included in the paragraphs 5 to 7 of annex 1 to article 244 of the Versailles Treaty). It is asserted that the German Government will find it difficult to make the agreement seem acceptable to the German public if it is not in a position to indicate scope of

⁹⁸ Not printed.

the claims. This task would be facilitated if the American Government would state that upon the signature of the agreement it would make a declaration as to its intention regarding the non-inclusion of the last mentioned claims as well as claims going beyond the Versailles Treaty.

4. The German Government agrees to the appointment of the umpire as provided in article 2 of the Department's draft but Governments concerned would be left to agree on the appointment. If this were done the German Government would then at the signature of the treaty present a note to the President of the United States requesting him to make the appointment. Accordingly it is suggested that in article 2 the second sentence read "an umpire shall be chosen by agreement between the two Governments concerned to decide upon", etc., as in original draft. Above they allege for political reasons.

5. The memorandum then suggests that an article be inserted between articles 6 and 7 of the Department's draft reading as follows: "from the procedure provided for in the foregoing articles shall be excluded all claims not presented to the commission within two months after its first meeting." It is stated that this proposal is made with the sole purpose of facilitating the work of the commission and any reasonable time limits will be satisfactory.

6. Finally the memorandum states that in accordance with Mr. Dresel's memorandum of August 22, 1921,¹⁰ the German Government believes itself justified in the expectation that the conclusion of the agreement in question will open the way to a speedy return of the German property retained in the United States to its legal owners.

HOUGHTON

402.11 W 892/48

*The Chairman of the Senate Judiciary Committee (Nelson) to the
Secretary of State*

[WASHINGTON,] July 21, 1922.

MY DEAR MR. SECRETARY: I respectfully beg leave to call your attention to the enclosed bill, S. 3852,¹ (by Mr. Underwood) 'to amend an Act entitled "An Act to define, regulate, and punish trading with the enemy, and for other purposes," approved October 6, 1917, as amended,' and to request that you furnish me, as soon

¹⁰ See Department's telegram no. 1376, Aug. 20, 1921, *Foreign Relations*, 1921, vol. II, p. 19.

¹ Not printed.

as may be, for the use of this Committee, with your views, favorable or otherwise, as to the advisability of the legislation proposed in this measure.

Yours truly,

KNUTE NELSON

462.11 W 802/48

The Secretary of State to the Chairman of the Senate Judiciary Committee (Nelson)

[WASHINGTON,] July 29, 1922.

DEAR SENATOR NELSON: I beg to acknowledge the receipt of your letter of July 21, 1922, enclosing a copy of a Bill (S. 3852) "To amend an Act entitled 'An Act to define, regulate and punish Trading with the Enemy and for other purposes' approved October 6, 1917, as amended," and requesting in behalf of the Committee on the Judiciary of the Senate an expression of my opinion as to the advisability of the legislation contemplated by this measure.

For the purpose of indicating my views regarding the Bill, it is unnecessary at this time to enter into a detailed discussion of its provisions. I understand that its general purpose is to provide for a commission composed of American citizens which is to pass on certain classes of claims of American citizens, and also on claims of the Government of the United States, for damages sustained as a result of the acts, during periods described in the Bill, of either the former German Government or the former Austro-Hungarian Government, or their authorities, respectively.

In addition to the claims of the citizens of the United States, the Bill embraces provision for claims made by the Government of the United States for "all its pensions or compensation in the nature of pensions to its naval and military victims of war (including members of its air force), whether mutilated, wounded, sick or invalided, and to the dependents of such victims"; also for "the cost of assistance" by the Government of the United States "to prisoners of war and to their families and dependents; and also for "allowances" by the Government of the United States "to the families and dependents of mobilized persons or persons serving with its forces."

Provision is made for the satisfaction of these claims, in accordance with a stated order of priority, out of the property of German and Austrian nationals held by the Alien Property Custodian.

It is hardly necessary for me to say that I am most anxious that a settlement of the claims of American citizens should be promptly effected. You undoubtedly appreciate that in addition to the difficulties which, as a result of political and economic conditions, have

confronted the nations with which the United States was associated in the war in effecting settlement of claims against former enemy countries, the Government of the United States was obliged to deal with conditions incident to the conclusion of treaties with Germany, Austria and Hungary to reestablish friendly relations with those nations.

Following the conclusion of such treaties, negotiations were entered into with Germany looking to the adjustment of the claims of our citizens pursuant to the rights of the United States recognized under the Treaty concluded August 25, 1921, with that country. It is contemplated that a mixed commission on which Germany will have representation will be established to determine the amounts of these claims in accordance with the procedure usually governing matters of this kind.

I am glad to say that despite the recent difficulties in Germany which apparently have delayed the completion of the arrangement, gratifying progress has been made and I believe that a satisfactory convention will shortly be signed. The negotiations with the German Government indicate a desire on its part to move as expeditiously as possible with a view to the consummation of the plans under consideration. It is manifest that legislation such as that contemplated by the Bill in question would be embarrassing to the Executive in dealing with the matter of these claims, since the enactment of the Bill into law would make it necessary to abandon present plans.

Apart from this effect of the passage of the Bill, I may say that it seems to me entirely appropriate that the usual practice should be followed in the determination of international claims, and that Germany should have appropriate representation upon a mixed claims commission by which the amount of these claims shall be assessed. The Bill seems to deal with the settlement of claims as if it were purely a domestic affair. But the claims are those of American citizens against Germany, Austria and Hungary and it has hitherto been contemplated, as the Joint Resolution of Congress approved July 2, 1921, makes clear, that these Governments shall make suitable provision for the satisfaction of these claims. But if these Governments are to make such provision, I should regard it as proper that they should have the opportunity of being represented on the claims commission by which the amount of the claims is to be fixed. I do not see that any different principle should be applied because we hold the private property of former enemies in pledge, but this situation, I should suppose, would rather make the course to which I have referred, if possible, still more important before resort were had to such property for satisfaction. To undertake to

exclude a nation in a case like the present from any participation or voice in matters thus vitally affecting its interests and to deal with such matters by *ex-parte* action would be, in my judgment, at variance with the principles and practice generally observed by nations in their relations with each other, and I should think it unfortunate if such a course were initiated by this Government.

I do not speak of the situation which would be disclosed if Germany refused to make an arrangement for a commission to act in the assessment of claims in a manner which would be reasonable and satisfactory to our Government. I am, however, speaking of the present situation in which negotiations are pending and where there is every reason to believe that they will shortly be concluded.

I shall not discuss the plan which the Bill sets forth of confiscating the property in the hands of the Alien Property Custodian by providing for its application not only to the payment of the claims of American citizens but also to the claims of this Government for pensions and allowances as described in the Bill. While the latter class of claims is to be postponed in payment to the former, all are to be satisfied under the provisions of the Bill, and it is manifest that the entire private property of former enemy nationals in the hands of the Alien Property Custodian will not be sufficient for the purposes stated.

Up to this time Congress has not committed itself to a confiscatory policy. In the Joint Resolution, of July 2, 1921, Congress provided that the property should be retained by the United States and no disposition thereof should be made except as had been or might be provided by law, until such time as Germany and Austria and Hungary "shall have respectively made suitable provision for the satisfaction of all claims against said Governments respectively" of American citizens who have been damaged through the action of these Governments as stated, and until compliance with the other provisions of the Resolution. In other words, so far as the claims of American citizens are concerned, the properties in the hands of the Alien Property Custodian, or their proceeds if liquidated, are to be held virtually in pledge until Germany, Austria, and Hungary respectively make suitable provision for the satisfaction of these claims.

As I have said, this implies a fair opportunity to make the required provision. When the amount of these claims has been determined, the question of the satisfaction can be taken up at once, Congress of course reserving its authority to deal with the question in the light of the event. I am of the opinion that this course can be followed quite as expeditiously as the course contemplated by the Bill, and I should hope that in any case no measure of confisca-

tion would be adopted until there had been a failure, after reasonable opportunity, to provide for the satisfaction of the claims of American citizens, duly ascertained.

I remain [etc.]

CHARLES E. HUGHES

462.11 W 892/42 : Telegram

The Secretary of State to the Ambassador in Germany (Houghton)

WASHINGTON, July 29, 1922—2 p.m.

104. Your 141, July 17, 6 p.m. Department before replying to counter proposals of German Government has been awaiting receipt of despatch respecting them which you mention. It has not yet reached Department.

A Bill was recently introduced in the Senate by Senator Underwood which provides for a commission composed of American citizens which is to pass on claims of American citizens against Germany and further provides for the use of sequestered property to make payment of such claims. The pendency of a Bill of this kind makes it very important that the agreement respecting claims which has been submitted to Germany should be promptly consummated. Delay may militate against the successful conclusion of such an agreement. In order to avoid any unfortunate delay, it is desirable that Germany should accept the agreement proposed by the United States.

The German Government's proposal with respect to an alteration in regard to the designation of an umpire is acceptable in the light of the explanation made concerning it.

The proposal with regard to the modification of the provision in Article VI relating to the binding character of arbitral decisions as understood by this Government is entirely unacceptable. While legislative sanction is frequently required in connection with the consummation of international agreements, I consider as unprecedented a provision such as it proposed under which awards would not be binding without legislative sanction. Under this provision the purposes which it is the object of the agreement to accomplish could be nullified by the Reichstag and the agreement in reality would have the effect of an undertaking to determine amounts of claims to be submitted to the Reichstag for its approval or disapproval.

The provisions of Article 1 with respect to the determination of amounts of private debts was inserted with the idea that they would be entirely agreeable to the German Government. The United States and Germany did not establish the clearing office scheme provided for by the Treaty of Versailles, but under the provisions of sub-paragraph (2) paragraph (h) of article 297 of

the Treaty the proceeds of sequestered property may be used for the payment of debts. It was thought that instead of at once proceeding with the adjustment of debts in this manner, their amounts might be determined by the mixed commission and arrangements as to the method of payment deferred pending such determination.

This Government is of the opinion that practicable application might be given to the suggestion of the German Government with regard to a separate declaration more specifically defining the category of claims to be dealt with by the commission.

Communicate with Foreign Office in sense of the foregoing and earnestly express the hope that the German Government may be willing to sign the proposed agreement without the material alterations which it has proposed. It is my opinion that if this is not done promptly, Congress will deal [with] the matter in its own way.

HUGHES

402.11 W 892/49: Telegram

The Ambassador in Germany (Houghton) to the Secretary of State

BERLIN, August 2, 1922—6 p. m.

[Received 11:58 p.m.]

153. Your 104, July 29, 2 p. m. Just informed by Foreign Office that German Government accepts form of agreement approved by you in above telegram. Satisfactory draft of note requesting President to name umpire has been submitted. Draft of note has also been submitted to the effect that the German Government believes itself justified in assuming that it is not the intention of the American Government to insist in the proceedings of the committee upon all the claims contemplated in the Versailles Treaty without exception, that it in particular does not intend to raise claims such as those included in the paragraphs 5 to 7 of annex 1 of article number 244 of the Versailles Treaty (claims for reimbursement of military pensions paid by the American Government and of allowances paid to American prisoners of war or their families and to the families of persons mobilized) or indeed claims going beyond the Versailles Treaty.

German Government requests further that Embassy on behalf of the United States confirm the correctness of the assumption. Am I right in assuming that your telegram assents.

I also request instructions as to whether or not your telegram meant to reject German proposal for separate article fixing time limit for presentation of claims.

For the Department's confidential information I desire to say that chief argument based on need of haste to forestall less favorable

solution by Congress overcame a considerable and not unjustifiable reluctance on the part of the German Government to accept the inclusion of private debts in categories of claims. The administration was very fearful that enemies of the Government would urge that although sequestered property may be used for the payments of debts the amount of the private debt indetermined [*be determined?*] only in some way provided in the Versailles Treaty or that between the United States and Germany and that therefore except by a new treaty private debts could not be included.

The Chancellor and the Foreign Office urged upon other members of the Government the greater expediency of accepting your terms over any technical difficulty but have had a difficult and laborious task to convince Ministers of Justice and Interior and members of Foreign Affairs Committee of Reichstag still in Berlin that the advantages outweighed the concession of a possible legal advantage or right of Germany.

Request full powers be cabled immediately followed by written full powers. Request permission to give out news to American newspaper representatives here on execution of the agreement which should take place upon the receipt of your cabled reply.

HOUGHTON

462.11 W 892/49 : Telegram

The Secretary of State to the Ambassador in Germany (Houghton)

WASHINGTON, August 5, 1922—noon.

105. Your 153, August 2, 6 P. M.

In view of the last communication received by you from the German Government regarding the proposed claims agreement, it appears that the agreement, with slight modification, can be promptly signed. It is understood that the draft transmitted with Department's instruction No. 3055 of June 23 is acceptable, except that the second sentence in Article II relating to the umpire will be changed to read "The two Governments shall by agreement select an umpire to decide upon any cases concerning which the Commissioners may disagree, or upon any points of difference that may arise in the course of their proceedings". It is understood that this change does not imply any difference in the actual agreement for the selection by the President and it is further understood that simultaneously with the signing of the agreement the German Government will present a note requesting the President to designate an umpire.

With reference to the German Government's request with respect to a declaration on the part of the Government of the United States more particularly defining the claims to be presented to the Commission, it is believed that satisfactory explanation and assurances can be given to the German Government on that point. The President of the United States has not the authority to waive rights secured by the Treaty of August 25, 1921, nor is he in a position to make any declaration with respect to the power of Congress over sequestered property which is fixed by statute. However, you are authorized by the President to state that he has no intention of pressing against Germany or of presenting to the Commission established under the claims agreement any claims not covered by the Treaty of August 25, 1921, or any claims falling within paragraphs 5 to 7 inclusive of the Annex following Article 244 of the Treaty of Versailles.

This Government considers it inadvisable to incorporate into the agreement an article fixing a time limit for the presentation of claims. It is not altogether clear what the German Government has in mind with respect to such an article. If agents or counsel should be excluded from appearing before the Commission after the time limit fixed by such an article, it would seem probable that the work of the Commission might be greatly delayed instead of being expedited, since obviously the presentation of claims in the best possible form would facilitate the work of the Commission. This Government is as desirous, as is the German Government, of hastening the work. It would, therefore, be willing to have a separate understanding by an exchange of notes with the German Government regarding the filing of notices of all claims within a reasonable, specified period, as for example six months. Communicate with Foreign Office in sense of foregoing. Power to sign agreement is being telegraphed to you. Before signing please telegraph Department with respect to consummation of all preliminary arrangements.

[Paraphrase.] In view of situation here created by introduction of the Underwood Bill it is very important that this agreement should be concluded at the earliest possible moment. As an Executive agreement that is clearly within the precedents, it will take effect when signed. We desire it to be arranged that the President may at once announce Germany's request that he should appoint the umpire and the appointment of Justice Day. The announcement should be made simultaneously with the publication of the agreement. Until this announcement nothing should be given to the press. You should cable arrangements so that publication may be made on same day here and in Berlin. [End paraphrase.]

HUGHES

462.11 W 892/52 : Telegram

The Ambassador in Germany (Houghton) to the Secretary of State

BERLIN, August 7, 1922—4 p.m.

[Received August 8—8:20 a.m.]

158. Your 105, August 5, noon. In last sentence of second paragraph should not "paragraphs 5 to 6 inclusive" read "paragraphs 5 to 7 inclusive".

Also end of second paragraph, Foreign Office requests addition of phrase "and the Treaty of Versailles" after words "August 25, 1921," in order to correspond with language used in article I of agreement.

Foreign Office states that omission of reference to the Treaty Versailles would cause serious parliamentary opposition.

Affirmative action of Department on the above matter consummates preliminary arrangements and will enable me to sign probably tomorrow if so instructed.

HOUGHTON

462 11 W 892/53 : Telegram

The Ambassador in Germany (Houghton) to the Secretary of State

BERLIN, August 7, 1922—5 p.m.

[Received August 8—10:15 p.m.]

159. Your 105, August 5, noon. The following is the translation of the text of the note from the Foreign Office which will be handed to me upon signature of claims agreement and which will request the President to appoint an umpire.

"Foreign Office, Berlin. Mr. Ambassador. The agreement concluded today for the settlement of the amount of American claims for damages provided, by Article 2, that on the basis of an agreement between the two Governments concerned an umpire shall be chosen. The German Government is convinced of the intention of the American Government to carry out in an accommodating and just manner the settlement of the questions still to be solved between the two States concerned, the way to which is opened by the signature of the agreement. It is still farther strengthened in this belief by the assurances received from Your Excellency. The German Government believes that the distrust of nations toward one another brought about by the war and the severe economic damages which it caused to all countries concerned can be most certainly done away with if these countries decide to approach the solution of the questions which have arisen between them as a consequence of the war in a generous manner and in the spirit of mutual accommodation. The German Government welcomes the fact that the American Government intends to take the initiative in this connection. In order to make this possible and in order to give the American Government a proof of its confidence, the German Government has the honor to

request the President of the United States to cause an American person, seeming to him suited for this responsible office, to accept the position of umpire such as is contemplated in the above-mentioned agreement. I should be grateful to Your Excellency if you would transmit this proposal of the German Government to the President of the United States. At the same time I take advantage of this occasion to renew to you, Mr. Ambassador, the assurance of my most distinguished consideration. Wirth."

HOUGHTON

462.11 W 892/52 : Telegram

The Secretary of State to the Ambassador in Germany (Houghton)

WASHINGTON, August 8, 1922—6 p.m.

108. Your 158, August 7, 4 P.M.

Last sentence paragraph 2 Department's 105 read "paragraphs 5 to 7 inclusive". It was evidently garbled in transmission.

It is not practicable to accede to request of Foreign Office with regard to the addition of the words "and the Treaty of Versailles".

There would be no objection if phrase were used in same sense as in Article 1. That article does not limit claims to those defined in Treaty of Versailles but also embraces claims, if any others, covered by Treaty of August 25, 1921. See preamble which makes this clear.

The proposed addition at end of second paragraph Department's 105, August 5th, would seem to be intended to impose different construction by requiring claims to be defined in both treaties and thus limit claims to those covered by Treaty of Versailles. The President has no authority actually to limit treaty rights in this manner, and if he were to give assurance so as to bar *bona fide* claims of American citizens, result would be that Congress would undoubtedly assert them and make provision for their payment out of sequestered property. Germany would not be gainer by such a course. Government claims in paragraphs 5 to 7 above mentioned stand in different position because of question of policy involved as to war pensions and allowances.

As a matter of fact under a proper interpretation of the Treaty of Versailles probably all claims which are covered by the Treaty of 1921 are included in the Treaty of Versailles. But it is undesirable that there should be any misunderstanding with regard to technicalities or as to any just claim covered by the Treaty of 1921. It is made clear by the Resolution of July 2, 1921,² that the Government of the United States must insist on suitable arrangements being made for the settlement of claims growing out of acts of the German Government or its agents since July 31, 1914. Paragraph 4 of the Annex following Article 298 of the Treaty of Versailles, relates to

² *Foreign Relations*, 1921, vol. II, p. 3.

claims growing out of acts committed since July 31, 1914, and before the United States entered the war. Of course, these are embraced in the claims agreement. But this Government's attention has been specifically called to certain classes of claims which arise out of acts committed since that date and which although evidently covered by the Treaty of Versailles, might give rise to unfortunate controversy should the assurance proposed by the German Government be given and a question then be raised. Attention may be called by way of illustration to the claim of the Western Electric Company for damages to property in Belgium, which appears to have been brought to the attention of the German Government informally by the Company. Claims of this character seem clearly to fall within paragraph (9) of Annex I following Article 244 of the Treaty of Versailles. It is understood, however, that, although the subsidiary of the Western Electric Company is incorporated in Belgium, the Belgian Government has refused to deal with the Company's claim as a Belgian claim, in view of the fact that the entire beneficial interest in the Company is American. It is believed that the German Government will perceive the desirability that there should be no question raised concerning claims of this character. Since they come undoubtedly within the scope of the Resolution of July 2, 1921, and therefore within the Treaty of 1921, and since the ultimate disposition of sequestered property which the Resolution provides shall be held pending the making of suitable provision for such claims rests with Congress, no advantage could accrue to the German Government through any declaration which might render doubtful the competency of the Commission to consider these claims. (This would on the other hand at once stimulate action by Congress.)

Communicate with Foreign Office in sense of the foregoing.

HUGHES

462.11 W 892/55b

The Secretary of State to President Harding

[WASHINGTON,] August 10, 1922.

MY DEAR MR. PRESIDENT: Ambassador Houghton telegraphed today at 1 p.m. Berlin time, as follows:

"Will sign agreement seven tonight. Will cable directly signature is made and one hour thereafter will give to press."

This means that in all probability the Claims Agreement has already been signed and given out, and we shall hear to this effect very shortly.³

³ At 4:45 p. m., Washington time, a telegram was received, reading "Agreement signed. Houghton."

Accordingly I am arranging a statement for the press, giving the text of the agreement and the text of the request which was made by the German Government to Ambassador Houghton simultaneously with the signing of the agreement that you should name the Umpire. I am also stating that you have named Associate Justice William R. Day of the United States Supreme Court.

It seems to me important that this designation should be made known as soon as the Convention is made public, in order that the full significance of the arrangement may be understood. I telegraphed Ambassador Houghton to this effect and I assume that he is proceeding accordingly in his statement to the press.

May I ask if this announcement has your approval? ⁴

Faithfully yours,

CHARLES E. HUGHES

462.11 W 892/55

Memorandum by President Harding for the Secretary of State ⁵

DEAR MR. SEC[RETA]RY: In making the announcement, please *emphasize* the request to us to name umpire. It is so unusual that its significance is worth bringing well to the fore.

W[ARREN] G. H[ARDING]

Treaty Series No. 665

*Agreement between the United States of America and Germany,
Signed at Berlin, August 10, 1922* ⁶

THE UNITED STATES OF AMERICA AND GERMANY,

being desirous of determining the amount to be paid by Germany in satisfaction of Germany's financial obligations under the Treaty concluded by the two Governments on August 25, 1921, which secures to the United States and its nationals rights specified under a resolution of the Congress of the United States of July 2, 1921, including rights under the Treaty of Versailles, have resolved to submit the questions for decision to a mixed commission and have appointed as their plenipotentiaries for the purpose of concluding the following agreement:

⁴ This document bears the undated notation in longhand, "Approved. Warren G. Harding."

⁵ This undated memorandum, in longhand, was received by the Secretary on Aug. 10.

⁶ In English and German; German text not printed.

THE PRESIDENT OF THE UNITED STATES OF AMERICA

Alanson B. Houghton, Ambassador Extraordinary and Plenipotentiary of the United States of America to Germany,
and

THE PRESIDENT OF THE GERMAN EMPIRE

Dr. Wirth, Chancellor of the German Empire,

Who, having communicated their full powers, found to be in good and due form, have agreed as follows:

ARTICLE I

The commission shall pass upon the following categories of claims which are more particularly defined in the Treaty of August 25, 1921, and in the Treaty of Versailles:

(1) Claims of American citizens, arising since July 31, 1914, in respect of damage to, or seizure of, their property, rights and interests, including any company or association in which they are interested, within German territory as it existed on August 1, 1914;

(2) Other claims for loss or damage to which the United States or its nationals have been subjected with respect to injuries to persons, or to property, rights and interests, including any company or association in which American nationals are interested, since July 31, 1914, as a consequence of the war;

(3) Debts owing to American citizens by the German Government or by German nationals.

ARTICLE II

The Government of the United States and the Government of Germany shall each appoint one commissioner. The two Governments shall by agreement select an umpire to decide upon any cases concerning which the commissioners may disagree, or upon any points of difference that may arise in the course of their proceedings. Should the umpire or any of the commissioners die or retire, or be unable for any reason to discharge his functions, the same procedure shall be followed for filling the vacancy as was followed in appointing him.

ARTICLE III

The commissioners shall meet at Washington within two months after the coming into force of the present agreement. They may fix the time and the place of their subsequent meetings according to convenience.

ARTICLE IV

The commissioners shall keep an accurate record of the questions and cases submitted and correct minutes of their proceedings. To

this end each of the Governments may appoint a secretary, and these secretaries shall act together as joint secretaries of the commission and shall be subject to its direction.

The commission may also appoint and employ any other necessary officer or officers to assist in the performance of its duties. The compensation to be paid to any such officer or officers shall be subject to the approval of the two Governments.

ARTICLE V

Each Government shall pay its own expenses, including compensation of its own commissioner, agent or counsel. All other expenses which by their nature are a charge on both Governments, including the honorarium of the umpire, shall be borne by the two Governments in equal moieties.

ARTICLE VI

The two Governments may designate agents and counsel who may present oral or written arguments to the commission.

The commission shall receive and consider all written statements or documents which may be presented to it by or on behalf of the respective Governments in support of or in answer to any claim.

The decisions of the commission and those of the umpire (in case there may be any) shall be accepted as final and binding upon the two Governments.

ARTICLE VII

The present agreement shall come into force on the date of its signature.

IN FAITH WHEREOF, the above named plenipotentiaries have signed the present agreement and have hereunto affixed their seals.

Done in duplicate at Berlin this tenth day of August 1922.

[SEAL] ALANSON B. HOUGHTON
[SEAL] WIRTH

Treaty Series No. 665

*The German Chancellor (Wirth) to the American Ambassador
(Houghton)*

[Translation]

Foreign Office
No. III A 2451

BERLIN, August 10, 1922.

MR. AMBASSADOR, In reply to your kind note of June 23, 1922, I have the honor to state to your Excellency as follows:

The German Government is in agreement with the draft of an agreement communicated to it in the note mentioned, now that some changes in the text have been agreed upon with your Excellency. I have the honor to transmit herewith the draft modified accordingly.

From the numerous conferences which have taken place with your Excellency, the German Government believes itself justified in assuming that it is not the intention of the American Government to insist in the proceedings of the Commission upon all the claims contemplated in the Versailles Treaty without exception, that it in particular does not intend to raise claims such as those included in Paragraphs 5 to 7 of Annex 1 of Article 214 of the Versailles Treaty (claims for reimbursement of military pensions paid by the American Government, and of allowances paid to American prisoners of war or their families and to the families of persons mobilised) or indeed claims going beyond the Treaty of August 25, 1921.

The German Government would be grateful if your Excellency would confirm the correctness of this assumption.

In the view of the German Government it would furthermore be in the interest of both Governments concerned that the work of the Commission be carried out as quickly as possible. In order to insure this it might be expedient to fix a period for the reporting of the claims to be considered by the Commission. The German Government, therefore, proposes that the Commission should consider only such claims as are brought before it within at least six months after its first meeting as provided in Article III of the above-named agreement.

I should be obliged to your Excellency for a statement as to whether the American Government is in agreement herewith.

At the same time I take [etc.]

WIRTH

Treaty Series No. 665

The American Ambassador (Houghton) to the German Chancellor (Wirth)

No. 128

[BERLIN], August 10, 1922.

MR. CHANCELLOR: I have the honor to acknowledge the receipt of your note of today's date transmitting the draft of the agreement enclosed to you in my note of June 23, as modified as a result of the negotiations that have been carried on between us.

In accordance with the instructions that I have received from my Government, I am authorized by the President to state that he has no intention of pressing against Germany or of presenting to the Commission established under the claims agreement any claims not

covered by the Treaty of August 25, 1921, or any claims falling within Paragraphs 5 to 7, inclusive, of the annex following Article 244 of the Treaty of Versailles.

With regard to your suggestion that the Commission shall only consider such claims as are presented to it within six months after its first meeting, as provided for in Article III, I have the honor to inform you that I am now in receipt of instructions from my Government to the effect that it agrees that notices of all claims to be presented to the Commission must be filed within the period of six months as above stated.

I avail myself [etc.]

A. B. HOUGHTON

REVIVAL OF THE PATENT AGREEMENT OF FEBRUARY 23, 1909,
BETWEEN THE UNITED STATES AND GERMANY¹

811.54262/304 : Telegram

The Secretary of State to the Ambassador in Germany (Houghton)

WASHINGTON, May 6, 1922—3 p.m.

61. The Department desires you to address a note to the Foreign Office as follows:

"The benefits of Article 289 of the Treaty of Versailles relating to the revival of bilateral treaties or conventions made with Germany by nations described in that Treaty as the Allied and Associated Powers are among those secured to the United States by the Treaty with Germany, signed on August 25, 1921,² to restore friendly relations between the two nations. According to paragraph (5) of Article II of that Treaty, the period of time, namely, six months, within which the United States is privileged to revive any bilateral treaty or convention concluded with Germany began to run from the date of the coming into force of the Treaty, that is, on November 11, 1921, the date on which ratifications of the Treaty were exchanged.

The Government of the United States desire to revive the Patent Agreement concluded between the United States and the German Empire on February 23, 1909. By direction of my Government, I have the honor to give in its behalf to the German Government the official notification contemplated by Article 289 of the Treaty of Versailles to revive that agreement. According to the terms of that Article, the revival will take effect on this date."

You will please have this note delivered at the Foreign Office on the date which the note bears in order that there will be no doubt

¹ For text of agreement, see *Foreign Relations*, 1909, p. 264.

² *Ibid.*, 1921, vol. II, p. 29.

as to the date on which the Agreement is revived, and you will telegraph the Department the date of your note in which you make notification, which you will observe must be given before May 11, 1922.

HUGHES

811.54262/315a : Telegram

The Secretary of State to the Ambassador in Germany (Houghton)

WASHINGTON, May 8, 1922—5 p.m.

63. Your 87, May 5, 5 P. M.⁹

Of treaties made with German Empire or independent German States the United States desires to revive only Patent Agreement of 1909, concerning revival of which you were instructed in Department's 61, May 6, 3 P. M. You doubtless understand that revival of that Agreement involves no negotiations with German Government, but merely notice in terms of note set forth verbatim in telegram to Embassy. If necessary, Department may further later inform you at length regarding reasons for not reviving other agreements. Respecting protection of copyrights, you may inform Foreign Office this matter is now subject of discussion with German Embassy here, and this Government perceives no reason why an understanding cannot promptly be reached to make it clear that nationals of each country shall receive the same protection as was accorded prior to war.

HUGHES

811.54262/308 : Telegram

The Ambassador in Germany (Houghton) to the Secretary of State

BERLIN, May 9, 1922—11 a.m.

[Received 11:35 a.m.]

92. Department's 61 May 6, 3 p.m. I handed to Von Haniel¹⁰ yesterday a note dated May 8th containing the text of the Department's notification.

HOUGHTON

⁹ Ante, p. 242.

¹⁰ German Secretary of State in the Ministry of Foreign Affairs.

GREAT BRITAIN¹

NEGOTIATIONS TO ENSURE BY TREATY THE RIGHTS OF THE UNITED STATES IN TERRITORIES UNDER BRITISH MANDATE²

Palestine

367n.01/266

Mr. A. J. Balfour³ to the Secretary of State

WASHINGTON, January 13, 1922.

MY DEAR MR. HUGHES: You will remember that some days ago I mentioned my great anxiety to get the agreements in regard to the Mandate for Palestine⁴ advanced a stage in order that the Council of the League of Nations might give it their blessing at the meeting which is now, I think, going on at Geneva. We have all been so busy that you have not been able to find a moment in which to discuss this matter with me, at which I am by no means surprised; but as it is pressing I venture again to trouble you about it.

The task which the British Government have undertaken in Palestine is one of extreme difficulty and delicacy. At Paris I always warmly advocated that it should be undertaken, not by Britain, but by the U.S.A.; and though subsequent events have shewn me that such a policy would never have commended itself to the American people I still think that, so far as the Middle East is concerned, it would have been the best. However this may be, the duty has devolved upon Great Britain; and I hope the American Government will do what they can to lighten the load.

Your Ambassador in London will have forwarded you the official Note upon the subject. Let me add to what Lord Curzon has said one or two further remarks.

We have got in Palestine to deal with a country in which the majority of the population are Arabs, in which there is an important Jewish minority to whom we desire largely to entrust the task of fitting the country, with the help of outside Jewish assistance, to be a home for the Jewish race; and we have Christian ecclesiastical interests—Greek, Roman and Protestant—divided not merely by

¹ See also subjects under Canada, vol. I, pp. 669 ff.

² Continued from *Foreign Relations*, 1921, vol. II, pp. 106-118

³ Member of the British Delegation to the Disarmament Conference, held at Washington, Dec. 12, 1921, to Feb. 6, 1922.

⁴ For text of draft mandate for Palestine, see *Foreign Relations*, 1921, vol. I, p. 110.

theological, but also by national differences, and jealously watching anything which can be twisted into interference with their position or their traditional interests in the Holy Places.

If such a situation is to be dealt with successfully by the civilian Government, the position of that Government must not only be secure, but must seem secure in the eyes of the populations concerned. Without this it cannot possess the necessary prestige, or exercise the necessary influence. Now it cannot be doubted that the long delay in settling this Mandate question,—partly due to the fact that peace has not yet been signed by Turkey and the Allied Powers, partly to the fact that the Mandate has not yet been approved, and partly to the fact that, owing to these circumstances, military administration has not yet been wholly replaced by a civilian system,—has made the task, which would in any case be difficult, almost impossible. I am sure the United States Government regret this as much as we do; and it is for that reason, and that reason alone, that I venture to ask your special attention to the problem which has been already brought to your notice through more formal channels.

Yours sincerely,

ARTHUR JAMES BALFOUR

867n.01/266

The Secretary of State to Mr. A. J. Balfour

WASHINGTON, *January 27, 1922.*

MY DEAR MR. BALFOUR: Referring to our informal conversation of yesterday afternoon with regard to the Mandate for Palestine, I venture to confirm what I then said that it would not be possible to deal with the question by a mere exchange of notes on account of the reasons set forth in the American memorandum of August last.⁵ You will recall my pointing out that we enjoyed capitulatory rights by virtue of a provision in the Treaty with the Ottoman Empire and that consequently these rights could be modified or abrogated only by a Treaty, hence for this reason alone a Treaty would be necessary apart from the general considerations mentioned in the August memorandum, which, in themselves, would make a Treaty desirable.

The assurances given in the British note of December 29⁶ regarding the establishment of adequate courts and the insertion of a provision in the proposed Constitution of Palestine, in virtue of

⁵ See telegram no. 448, Aug. 4, 1921, to the Ambassador in Great Britain, *ibid.*, vol. II, p. 106.

⁶ *Ibid.*, p. 115.

which nationals of the United States shall have the right to be tried by a court with a majority of British Judges, except in trivial cases where this provision would lead to administrative inconvenience when United States nationals will have the special right to appeal to a court composed of a majority of British Judges, may be considered satisfactory, in view of Anglo-Saxon traditions of law. On the other hand, the suggestion with regard to the question of the revival of the capitulations, as set forth in the British note above mentioned, is not satisfactory and it will be necessary to provide for the revival of our original rights in that respect upon the termination of the Mandate régime. Even in case a Jewish State should survive, it would still be necessary for the United States to reach a decision for itself on the question at that time.

With regard to provisions against discriminations, it would be sufficient to recite the terms of the Mandate in the Treaty, to which I have referred above, and provide for the extension to the United States and its nationals of the same privileges enjoyed by members and by nationals of members of the League of Nations.

In view of the paucity of the resources of Palestine, and particularly in view of the special conditions there prevailing, to which reference is made in the British note of December 29, it is not my intention to insist on the proposals put forth in the American memorandum of August last for the inclusion of appropriate provisions against the granting of monopolistic concessions. We will be satisfied with the assurances that your Government proposes to give us with regard to the equal treatment of United States citizens and companies. I should, however, make it clear and repeat my statement of yesterday that in withdrawing from the position heretofore taken in this regard, it is fully understood that this action is without prejudice to the contentions in this regard which have been made and which are still being made in connection with other mandate territories.

The amplification of the provisions of the Mandate with a view to safeguarding more effectively the present and future activities, both religious and educational, of American missionaries, as has been proposed by your Government, can, it is believed, be readily arranged.

An undertaking on the part of the British Government that it will not propose nor accept any modifications in the terms of the Mandate without previous consultation with the Government of the United States would not, I fear, adequately meet the wish expressed in the memorandum of August last that the consent of the United States shall be obtained before any alteration is made in the text of the Mandates.

As I informed you yesterday, Japan has agreed to furnish a duplicate, not a copy, of their annual report to the League of Nations. A provision to this effect is incorporated in the Treaty with Japan relating to the mandated Islands [in the Pacific] north of the Pacific [equator]⁷ and the same provisions should be included in the Treaty relating to Palestine, inasmuch as Japan has been promised that the same undertaking would be secured in the case of other Mandate forins.

To sum up briefly:

For the reasons already stated it is necessary to have a Treaty, in which the Mandate will be recited in full and which will make the provisions as to privileges accorded to members and nationals of members of the League of Nations run to the United States and nationals of the United States and also include the other provisions, to which reference is made above.

Lastly, permit me to recall once again our understanding that our conversation of yesterday and this letter will be considered as entirely informal and personal between us, in view of the fact, as I explained yesterday, that I have not had an opportunity for consultation on the subject with the Chairman of the Foreign Relations Committee of the Senate which I should desire to have before expressing any views formally in the matter.

Yours sincerely,

CHARLES E. HUGHES

867n.01/216a : Telegram

The Secretary of State to the Ambassador in Great Britain (Harvey)

WASHINGTON, April 3, 1922—4 p.m.

96. Reference your despatches 811 and 831, December 23 and 30 last.⁸ Please communicate the following textually to Lord Curzon at the earliest moment possible:

"I have the honor to refer to your Lordship's communications of December 22, 1921, and December 29, 1921⁹ on the subject of mandates. The suggestions of the Government of the United States regarding the terms of the various mandates were set forth in my memorandum of August 24, 1921.¹⁰ The position of my Government must necessarily remain as thus stated since the views advanced were confined to the purpose of safeguarding the interests of the United States and the fair and equal opportunities which

⁷ *Post*, p. 600.

⁸ *Foreign Relations*, 1921, vol. II, pp. 110 and 115, respectively.

⁹ *Ibid.*, pp. 111 and 115, respectively.

¹⁰ See telegram no. 448, Aug. 4, 1921, to the Ambassador in Great Britain, *ibid.*, p. 106.

it was believed the United States should enjoy in common with the other Powers.

In the communication of December 29, 1921, your Lordship drew particular attention to the situation in Palestine. A state of peace between the Allied Powers and Turkey does not yet exist. Nevertheless, the United States appreciates the desire of His Majesty's Government to remove the existing uncertainties regarding the terms of the mandate for Palestine, in order that a legalized civil administration may be established as early as possible.

The Government of the United States is gratified to note Your Lordship's cordial expression with respect to the relation of the victory over Turkey to the victory of the Allied and Associated Powers over Germany, and the contribution thereto by the United States, and especially the emphatic disclaimer of his Majesty's Government of any intention on their part to discriminate against the United States or to refuse to its nationals and companies full equality of commercial opportunity. My Government had entertained no doubt that this was the attitude of His Majesty's Government.

In view of these assurances, my Government is convinced that there will be no difficulty or delay in the negotiation of a treaty embodying the assent, upon appropriate conditions, of the United States to the terms of the draft mandate for Palestine. The capitulatory rights which the United States possesses in Turkey in common with other Powers rest upon the provisions of a treaty; and, consequently, these rights can be modified or abrogated only by a treaty. For this reason alone a treaty would be desirable, apart from the general considerations mentioned in my memorandum of August 24. Such a treaty could recite the mandate in full and should contain appropriate undertakings on the part of His Majesty's Government for the suitable protection of the rights and interests of the United States.

In this view, taking up the various points to which Your Lordship refers, it may be observed:

(1) *Capitulatory rights.*—The assurances given in the note of December 29 regarding the establishment of adequate courts and the insertion of a provision in the proposed constitution of Palestine, by virtue of which nationals of the United States shall have the right to be tried by a court with a majority of British judges, except in trivial cases where this provision would lead to administrative inconvenience when United States nationals will have the special right to appeal to a court composed of a majority of British judges, may be considered satisfactory, in view of Anglo-Saxon traditions of law.

It does not seem possible to accept, however, the suggestion which your Lordship makes with regard to the question of the revival of the American capitulatory rights in the event of the termination of the mandate régime. As my Government now possesses these capitulatory rights, it should be provided that in the event of the termination of the British administration under the mandate, there should be an immediate and complete revival of these rights and, if the circumstances then justify their modification or suspension, the matter could readily be made the subject of suitable agreement.

(2) *Discrimination.*—I have already alluded to the assurance upon this point contained in Your Lordship's note. My Government does

not desire to insist that the terms of the mandate itself, in its reference to the States, members of the League of Nations, and their nationals, should be altered. It will be sufficient to have an undertaking as suggested by Your Lordship with regard to the equal treatment of the United States, its nationals and companies, and this undertaking may be set out in the proposed treaty. In other words, it should be provided that His Britannic Majesty will guarantee to the United States and its nationals the same freedom from discrimination that Article 18 of the mandate gives to the States, members of the League of Nations, and their nationals.

The treaty should contain a general provision that the United States and its nationals should have and enjoy the benefit of all the engagements of His Britannic Majesty, defined in the mandate, notwithstanding the fact that the United States is not a member of the League of Nations.

With respect to the matter of concessions, my Government has carefully noted the suggestions made by Your Lordship with respect to the peculiar conditions existing in Palestine, and in view of these conditions it is not the intention of my Government to insist on the inclusion of a provision in this mandate against the granting of monopolistic concessions as it is recognized that these may be justified to a certain extent for appropriate local development. The Government of the United States will be satisfied with the assurances which His Majesty's Government proposes to give in regard to equality of commercial opportunity. It should be clearly understood, however, that this position is taken by my Government solely in recognition of the special situation in Palestine and is not to be considered as prejudicial in any respect to the contentions which have been made and which are still being made in connection with other mandate territories. It is also to be understood, of course, that the existing legal rights of American citizens or companies in Palestine are to be fully respected and safeguarded and that the treaty will contain a suitable provision to this effect.

(3) *Missionaries and religious freedom.*—My Government has noted the provision of Article 2 of the proposed mandate for Palestine to the effect that the Mandatory shall be responsible "for safeguarding the civil and religious rights of all the inhabitants of Palestine, irrespective of race and religion."

And also the provisions of Article 15 as follows:

"The Mandatory will see that complete freedom of conscience and the free exercise of all forms of worship, subject only to the maintenance of public order and morals, is ensured to all. No discrimination of any kind shall be made between the inhabitants of Palestine on the ground of race, religion or language. No person shall be excluded from Palestine on the sole ground of his religious belief. . . ."

And also the following provision of Article 16:

"The Mandatory shall be responsible for exercising such supervision over religious or eleemosynary bodies of all faiths in Palestine as may be required for the maintenance of public order and good government. Subject to such supervision, no measures shall be taken in Palestine to obstruct or interfere with the enterprise of such bodies or to discriminate against any representative or member of them on the ground of his religion or nationality."

¹¹ Omission indicated in the Secretary's telegram.

Also that the Mandatory accepts "all responsibility in connection with the Holy Places and religious buildings or sites in Palestine, including that of preserving existing rights, or [of] securing free access to the Holy Places, religious buildings and sites and the free exercise of worship, while insuring the requirements of public order and decorum".

In addition, my Government has noted the statement of Your Lordship that His Majesty's Government would be prepared to make a declaration in suitable terms regarding the rights of United States missionaries, that is, that they "shall have the right to acquire and possess property, to erect buildings for religious purposes and to open schools, providing that they conform to the local law."

My Government is satisfied with these stipulations and assurances on the assumption, as already stated, that there will be a general provision in the proposed treaty giving to the United States the benefits, rights and privileges which under the proposed mandate are to accrue to the States which are members of the League of Nations.

(4) *Modification of mandate.*—My Government has observed the statement of Your Lordship in your note of December 22, to which you refer in your note of December 29, that it would be difficult to insert in the mandate itself a provision that the consent of the United States should be obtained before any alteration is made in the text of the mandate. My Government does not believe such an insertion to be necessary, in view of the fact, to which Your Lordship adverts, that there is "nothing to prevent the Mandatory giving a separate undertaking to this effect." Such an undertaking may be embodied in the proposed treaty. It would not, however, be deemed by my Government to be sufficient to provide merely for consultation with the United States.

(5) As His Majesty's Government is aware, the Japanese Government has agreed to furnish a duplicate, not a copy, of its annual report which is to be submitted to the League of Nations on the administration of mandate territories. A provision to this effect is incorporated in the treaty between the United States and Japan relating to the mandated islands in the Pacific north of the equator and it is desired that a similar provision should be included in the treaty relating to the mandate for Palestine.

(6) My Government assumes that any provisions which may be agreed upon as necessary to safeguard the rights and interests of the United States will apply to the territories mentioned in Article 25 of the mandate.

If His Majesty's Government is willing to meet the wishes of the United States with reference to the matters upon which concurrence has not already been indicated, the Government of the United States is prepared to enter immediately upon the negotiation of the necessary treaty.

In conclusion, I beg to convey additional information regarding the Philippine Petroleum Act, which was referred to in your Lordship's note of February 28, 1921,¹² and in my memorandum of August 24,

¹² See telegram no. 160, Mar. 1, 1921, from the Ambassador in Great Britain, *Foreign Relations*, 1921, vol. II, p. 80.

1921. The Governor-General of the Philippines has reported that the Act was amended at the last session of the Philippine Legislature so that it now permits equality of treatment in accordance with the principle of reciprocity embodied in the United States general leasing law.¹³ I have, etc."

HUGHES

867n.01/217 : Telegram

The Ambassador in Great Britain (Harvey) to the Secretary of State

LONDON, May 1, 1922—3 p.m.

[Received 5:55 p.m.]

199. Department's no. 96, April 3, 4 p.m. Foreign Office note¹⁴ expressing appreciation of the "very kindly manner in which the Government of the United States has dealt with this question" states as follows:

"2. The proposals now made by the Government of the United States are acceptable to His Majesty's Government who will be prepared to enter without delay into negotiations for the conclusion of a treaty on the lines proposed.

3. I gather from Your Excellency's note that the Government of the United States do not now desire to suggest any alterations in the text of the draft mandate, with the possible exception of article 8 dealing with the capitulations. His Majesty's Government agree that, in so far as the United States are concerned, the capitulations should only be suspended during the period of the British mandate, it being left to the United States on the termination of the mandate to deal with the matter by negotiation with the authorities concerned. His Majesty's Government are at present disposed to consider that the most convenient means of providing for this would be to leave the text of article 8 unaltered, but to provide in the treaty that the United States do not accept the definite abrogation of their capitulatory rights, but consent to their suspension during the continuance of the mandate. I should, however, be glad to know the views of the Government of the United States in this point.

4. I desire to inform Department that a suggestion has been made that article 28 should be modified so as to ensure that, on the termination of the mandate, adequate provision should be made to safeguard the interests in judicial matters of foreigners whose capitulatory rights are abrogated by article 8 as at present drafted. If this suggestion were adopted the article would read as follows:

'In the event of the termination of the mandate conferred upon the mandatory by this declaration, the Council of the League of Nations shall make such arrangements as may be deemed necessary for protecting the interests

¹³ See *ibid.*, pp. 547 ff.

¹⁴ Dated Apr. 29, 1922.

of foreigners in judicial matters, and also for safeguarding in perpetuity, under guarantee of the League, the rights secured by articles 13 and 14 and for securing, under the guarantee of the League, that the Government of Palestine will fully honor the financial obligations, legitimately incurred by the administration of Palestine during the period of the mandate, including the rights of public servants to pensions or gratuities.¹

This alteration would not, if the course suggested in paragraph 3 is adopted, affect in any way the interest of the United States, who would be free to make their own arrangements on the termination of the mandate and the consequent revival of their capitulatory rights, but I should be glad to learn that Your Excellency's Government would raise no objection to this amendment.

5. Inasmuch as the terms of the Palestine mandate are to be cited in the treaty it is necessary that those terms should be definitely settled before the treaty can be negotiated and signed. His Majesty's Government are therefore extremely anxious to obtain the approval of the Council of League of Nations to the terms of the mandate at their meeting on May 11th, even if the mandate cannot be actually issued at present, and for this purpose they desire with the consent of the United States Government, to lay the correspondence between Your Excellency and myself before the Council of the League as showing that agreement between the two Governments has now been reached. I have therefore the honor to request the assent of the Government of the United States to this course being adopted, in which case the negotiations for the treaty will be entered into as soon as the terms of the mandate have been approved by the Council of the League."

In view of short time remaining before meeting of League of Nations' Council on May 11th, Foreign Office requests to be informed as to the Department's views on above mentioned proposals at earliest possible date.

HARVEY

867n.01/217 : Telegram

The Secretary of State to the Ambassador in Great Britain (Harvey)

WASHINGTON, May 8, 1922—8 p.m.

134. Your telegram 199, May 1, 3 p.m. Please hand note to the Foreign Office in the sense of the following:

I have the honor to convey to Your Lordship my Government's appreciation of the cordial spirit with which the suggestions regarding the Palestine mandate have been received. The Government of the United States is gratified to note that its views, as set forth in my memorandum of April 5, 1922,¹⁸ with respect to the various subjects which have been under discussion, have been accepted by His Majesty's Government, which states its readiness to enter without delay into negotiations for the conclusion of a treaty on the lines proposed.

¹⁸ See telegram no. 96, Apr. 3, to the Ambassador in Great Britain, p. 271.

With reference to the safeguarding of the capitulatory rights of the United States in Palestine, my Government is pleased to note that His Majesty's Government is willing to provide in the proposed Treaty that the United States does not accept the definite abrogation of its capitulatory rights, but consents to their suspension during the continuance of the mandate. In the light of the understanding as to the appropriate preservation of the capitulatory rights of the United States, my Government would prefer that the mandate itself should not undertake to provide for the abrogation of capitulatory rights and accordingly desires that the provisions of Article 8 of the draft mandate should be altered so as to read:

'The immunities and privileges of foreigners, including the benefits of consular jurisdiction and protection as formerly enjoyed by Capitulation or usage in the Ottoman Empire, are suspended in Palestine, but shall be revived immediately and completely upon the termination of the mandate régime.'

It is understood, of course, that the assurances given in paragraph 5 (A) of your note of December 29, 1921, will be suitably embodied in the Constitution of Palestine; that is to say that the assurances regarding the establishment of adequate courts and the insertion of a provision by virtue of which nationals of the United States shall have the right to be tried by a court with a majority of British judges, except in trivial cases where this provision would lead to administrative inconvenience when United States nationals will have the special right to appeal to a court composed of a majority of British judges, which my Government considers satisfactory in view of Anglo-Saxon traditions of law.

The Government of the United States will raise no objection to the suggested amendment of Article 28 of the draft Mandate as set forth in paragraph 4 of your note,^{15a} with the understanding, of course, that any arrangements made by the League of Nations relating to the interests of foreigners in judicial matters would not impair any of the rights and interests of the United States and would be ineffective without the consent of the United States. It would seem, however, that, if Article 8 is amended as proposed, there would be no necessity for the suggested amendment to Article 28.

The Government of the United States appreciates the desire of His Majesty's Government to lay the terms of the draft mandate before the Council of the League of Nations at its forthcoming meeting, and has no objection to the procedure suggested in paragraph 5 of Your Lordship's note; provided, that it is understood that the approval of the mandate given by the Council of the League shall not be deemed to be binding upon the United States but shall be subject to the assent of the United States upon the terms and conditions which have been set forth in our correspondence upon this subject. With regard to the suggestion that the correspondence between Your Lordship and myself on the subject of the Palestine mandate should be laid before the Council of the League of Nations, my Government would like to accede to the wishes of His Majesty's Government but does not desire that the correspondence be made public until in the due course of the negotiation of the proposed treaty it can be made public in the United States. My Government puts forward its

^{15a} *Supra*.

preference upon this point upon the assumption that His Majesty's Government will be able in a convenient manner to inform the Council of the points which have been discussed and upon which the two governments are in preliminary agreement.

It is a pleasure to convey again the assurance that the Government of the United States is prepared to facilitate in every way the negotiation of an appropriate treaty in accordance with the views that have been expressed.

HUGHES

867n.01/236 : Telegram

The Secretary of State to the Ambassador in Great Britain (Harvey)

WASHINGTON, May 10, 1922—2 p.m.

136. Reference Department's 134, May 8, 8 p.m.

Please advise Foreign Office informally that Department desires to make following announcement on May 11th when it is presumed similar statement will be made by the British Government to the Council of the League of Nations as showing points upon which agreement has been reached between United States and Great Britain.

"As a result of correspondence between the Governments of the United States and Great Britain on the subject of the draft mandate for Palestine, agreement has been reached upon the following points:

1. A treaty will be negotiated between the United States and Great Britain embodying the assent upon appropriate conditions of the United States to the terms of the draft mandate, such treaty to recite the mandate in full and to contain appropriate undertakings on the part of the British Government for the suitable protection of the rights and interests of the United States. The treaty will contain a general provision that the United States and its nationals shall have and enjoy the benefit of all the engagements of His Britannic Majesty, defined in the mandate, notwithstanding the fact that the United States is not a member of the League of Nations.

2. Assurances regarding the establishment of adequate courts will be suitably embodied in the Constitution of Palestine, which will contain a provision by virtue of which nationals of the United States shall have the right to be tried by a court with a majority of British judges, except in trivial cases where this provision would lead to administrative inconvenience when United States nationals will have the special right to appeal to a court composed of a majority of British judges.

3. In the event of the termination of the mandate régime, the capitulatory rights of the United States in Palestine will be revived immediately and completely and any arrangements that may then be made relating to the interest of foreigners in judicial matters shall not impair the rights and interests of the United States and shall be ineffective without the consent of the United States.

4. The proposed treaty will contain an undertaking with regard to the equal treatment of the United States, its nationals and companies, guaranteeing to the United States and its nationals the same freedom from discrimination that the mandate gives to the States, members of the League of Nations, and their nationals.

5. The British Government will give adequate assurances with respect to equality of commercial opportunity. Furthermore, the existing legal rights of American citizens or companies in Palestine are to be fully respected and safeguarded and the Treaty will contain a suitable provision to this effect.

6. The mandatory shall be responsible for safeguarding the civil and religious rights of all the inhabitants of Palestine; for maintaining freedom of conscience and the free exercise of all forms of worship, subject only to the maintenance of public order and morals; for the protection of religious and eleemosynary bodies of all faiths; and for securing existing rights and free access to the holy places. The British Government will guarantee to United States missionaries the right to acquire and possess property, to erect buildings for religious purposes and to open schools, providing that they conform to the local law.

7. The consent of the United States shall be obtained before any alteration is made in the text of the mandate.

8. The British Government will furnish to the Government of the United States a duplicate of its annual report which is to be submitted to the League of Nations on the administration of the mandate territory.

9. All the provisions of the Treaty safeguarding the rights and interests of the United States will apply to the territories lying between the Jordan and the Eastern boundary of Palestine as ultimately determined."

HUGHES

867n.01/232

The Ambassador in Great Britain (Harvey) to the Secretary of State

No. 1314

LONDON, May 17, 1922.

[Received June 1.]

SIR: With reference to the Department's telegraphic Instruction No. 134, of May 8, 8 p.m., relative to the mandate for Palestine, I have the honor to enclose herewith, copies of my Note, No. 218, dated May 10, 1922,¹⁶ based on the above-mentioned instruction, and of a Note received to-day from the Foreign Office, dated May 16, 1922, replying thereto.

I have [etc.]

For the Ambassador:

POST WHEELER
Counselor of Embassy

¹⁶ Not printed.

[Enclosure]

*The British Acting Assistant Secretary of State for Foreign Affairs
(Oliphant) to the American Ambassador (Harvey)*

No. E 4860/78/65

[LONDON,] 16 May, 1922.

YOUR EXCELLENCY: With reference to your note of the 10th instant regarding the Palestine Mandate, I have the honour to convey to Your Excellency the appreciation felt by His Majesty's Government of the friendly manner in which the Government of the United States has collaborated with them in their efforts to secure an early settlement of this question.

2. In view of the desire expressed by the Government of the United States, His Majesty's Government agree that article 8 of the draft mandate should be modified and they agree that any amendment of article 28 is consequently unnecessary.

3. In view, however, of the intimation contained in the note which you addressed to me on the 5th April¹⁷ that the modification or suspension of American capitulatory rights in Palestine could, if circumstances then justified it, readily be made the subject of a suitable agreement, I suggest that it would be convenient to add to the text of article 8 as now proposed by the Government of the United States the words "unless the powers whose nationals were entitled on August 1st 1914 to such rights should agree or have agreed by treaty to their suspension or modification." This wording has been communicated to the British representative on the Council of the League, and it is hoped that the Council will be prepared to accept it.

4. His Majesty's Government have taken note of the desire of the Department of State that the correspondence which has passed on this subject should not be made public and have instructed their representative on the Council accordingly.

5. I shall not fail to address a communication to you regarding the negotiation of the treaty as soon as the Council of the League of Nations shall have approved the terms of the mandate.

I have [etc.]

LANCELOT OLIPHANT

867n.01/238

The Ambassador in France (Herrick) to the Secretary of State

No. 1916

PARIS, May 26, 1922.

[Received June 7.]

SIR: I have the honor to transmit herewith, for the Department's information, copy and translation of a communication received from

¹⁷ See telegram no. 96, Apr. 3, to the Ambassador in Great Britain, p. 271.

the "Turkish Diplomatic Mission" in Paris protesting against any decision as to the Palestine Mandate prior to a definite peace having been signed.

The "Turkish Diplomatic Mission" presumably represents the Angora Government.

I have [etc.]

MYRON T. HERRICK

[Enclosure—Translation]

The Turkish Diplomatic Mission to the Department of State

PARIS, May 18, 1922.

During the present session of the Council of the League of Nations, Lord Balfour asked that the Palestine Mandate be assigned to England.

The Turkish Diplomatic Mission, esteeming that no part of the territory of the Ottoman Empire can be legally decided upon before a definitive peace has been concluded with Turkey, protests in the name of its Government against all eventual decisions on this matter and considers as null and void the decisions taken without its consent.

867n.01/260

The British Chargé (Chilton) to the Secretary of State

No. 512

WASHINGTON, July 5, 1922.

SIR: With reference to previous communications with regard to the Mandate for Palestine, I have the honour to transmit herewith, by direction of my Government, a copy of the draft of the proposed Treaty between the United States Government and His Majesty's Government regarding the Palestine Mandate, which has been drawn up in consultation with the French Government.

In communicating a copy of this draft to you, I am directed to ascertain whether you agree to its terms, and if not, what modifications you consider desirable.

As the terms of the Mandate are to be recited in the Treaty, the latter cannot, of course, be finally concluded until the former have been approved by the Council of the League of Nations. His Majesty's Government are, however, not contemplating any modifications of substance in the text of the Mandate except for the insertion in article 25 of the phrase "with the consent of the League of Nations" between the words "be entitled" and "to postpone", and except for some modification of article 14 as to which I am expecting a further communication.

You will observe that the operative clauses of the draft Treaty are very similar to those in the draft Treaty as to the African Mandate, a copy of which I handed to you on the 29th ultimo.¹⁸
I have [etc.] H. G. CHILTON

[Enclosure]

Draft Convention between the United States and Great Britain Regarding the Mandate for Palestine

WHEREAS by the Treaty of Peace with Turkey, Turkey renounces all her rights and titles over Palestine, and

WHEREAS Article 22 of the Covenant of the League of Nations in the Treaty of Versailles provides that in the case of certain territories which as a consequence of the late war ceased to be under the sovereignty of the States which formerly governed them mandates should be issued and that the terms of the mandate should be explicitly defined in each case by the Council of the League, and

WHEREAS by Article 95 of the Treaty of Peace with Turkey the High Contracting Parties agreed to entrust, by application of the provisions of the said Article 22, the administration of Palestine, within such boundaries as might be determined by the Principal Allied Powers, to a mandatory to be selected by the said Powers and further agreed that the mandatory should be responsible for putting into effect the declaration originally made on November 2, 1917 by the British Government and adopted by the other Allied Powers in favour of the establishment in Palestine of a national home for the Jewish people, it being clearly understood that nothing should be done which might prejudice the civil or religious rights of existing non-Jewish communities in Palestine, or the rights and political status enjoyed by Jews in any other country, and

WHEREAS the Principal Allied Powers have agreed to entrust the mandate for Palestine to His Britannic Majesty, and

WHEREAS the terms of the said mandate have been defined by the Council of the League of Nations as follows:

(Terms of Mandate).

and

WHEREAS the mandate in the above terms will be issued on the coming into force of the treaty of peace with Turkey, and

WHEREAS the United States of America by participating in the war against Germany contributed to the defeat of her and her allies and to the renunciation of the rights and titles of her allies in the territory transferred by them, but has not ratified the Cove-

¹⁸ *Post*, p. 315.

nant of the League of Nations embodied in the Treaty of Versailles, and

WHEREAS the President of the United States is desirous of concurring in the British mandate for Palestine, and

WHEREAS His Britannic Majesty as mandatory for Palestine is desirous of ensuring to the United States of America and its citizens the same rights in Palestine as they would enjoy if the United States were a member of the League of Nations.

His Britannic Majesty and the President of the United States of America have decided to conclude a convention to this effect and have nominated as their plenipotentiaries

Who
have agreed as follows:—

ARTICLE 1

Subject to the provisions of the present convention, the United States concurs in the British mandate for Palestine, including the territories lying between the Jordan and the eastern boundary of Palestine as ultimately determined, and in the British administration of Palestine pursuant to the terms of the said mandate.

ARTICLE 2

The United States and its nationals shall have and enjoy the benefit of all the engagements of His Britannic Majesty defined in the mandate, including therein equality as regards commercial opportunity, notwithstanding the fact that the United States is not a Member of the League of Nations.

ARTICLE 3

Vested American property rights in Palestine shall be respected and in no way impaired.

ARTICLE 4

A duplicate of the annual report to be made by the mandatory under Article 24 of the mandate shall be furnished to the United States.

ARTICLE 5

Nothing contained in the present Convention shall be affected by any modification which may be made in the terms of the mandate as recited above unless such modification shall have been assented to by the United States.

ARTICLE 6

The present Convention shall be ratified in accordance with the respective constitutional methods of the High Contracting Parties. The ratifications shall be exchanged in London as soon as practicable. It shall take effect on the date of the exchange of the ratifications. If at the date when the Convention takes effect the mandate has not yet been issued by the Council of the League of Nations, His Britannic Majesty agrees to apply the Convention so far as may be possible in the provisional administration of Palestine which He is now conducting at the request of the Council of the League.

In witness whereof, the respective Plenipotentiaries have signed this Convention and have hereunto affixed their seals.

Done in duplicate at, this day of

867n.01/254

The British Chargé (Chilton) to the Secretary of State

No. 524

WASHINGTON, July 10, 1922.

SIR: With reference to my note of the 5th instant (No. 512) I have the honour to inform you, on instructions from my Government, that His Majesty's Government are anxious to ensure that no religious community shall feel any apprehensions as to the position of its adherents in Palestine under the British Mandate. They are conscious that Palestine is the centre of a variety of religious interests, each one of which, considered separately, is world wide. As a Christian Power they are fully alive to the paramount necessity of ensuring to all Christian communities the consciousness that nothing will be done in Palestine which might be construed as negligence of, or indifference to, Christian sentiment.

In order to remove all possible ground for apprehension, His Majesty's Government have prepared an alternative draft of Article 14 of the draft mandate and I have the honour to transmit herewith a copy of this draft for the information of the United States Government. For the purpose of ensuring that the delicate task of deciding what are the existing rights in the Holy Places and religious buildings or sites which His Britannic Majesty, as mandatory for Palestine, is responsible for protecting, should be entrusted to a body whose impartiality is not open to question, His Majesty's Government now suggest, not only that the composition of the Commission shall be subject to the approval of the Council of the League of Nations, but that any report made by them shall also be laid before the Council of the League for confirmation.

As a further means towards ensuring absolute impartiality His Majesty's Government would be prepared, if the Council of the League approve this course, to select nominees for the Commission from a panel put forward in the first place under some international procedure, whether by the Assembly or the Council of the League of Nations, or by the President of the Court of International Justice, while reserving to themselves the right to submit additional names for stated reasons to the Council of the League for approval. The panel should in their opinion be composed of persons of world-wide reputation, to be selected in such a way that the Commission would be a thoroughly representative international body, on which none of the Great Powers interested in Palestine and none of the three confessions, namely Christian, Mohammedan and Jew, would be without representation. His Majesty's Government will also invite the Council of the League to appoint one of the members of the Commission as its first chairman by whatever procedure commends itself to the Council.

You will observe that His Majesty's Government do not propose, in the draft Article which is now enclosed, to retain the obligation that the Commission shall necessarily ensure that certain Holy Places, religious buildings or sites are entrusted to the permanent control of suitable bodies. Nor have they attempted to define the exact number of members of whom the Commission shall be composed, beyond providing that the body shall be sufficiently large to ensure all interests being represented upon it.

The reason which has prompted His Majesty's Government to suggest that prospective nominees shall be recommended under some international procedure, rather than by political or hierarchical authorities, is that it appears to them preferable that a body to which this responsible task is to be entrusted should not be composed of persons who might possibly be regarded as agents of a particular Power or community whose interests might be directly concerned. Political interests are fully safeguarded by the provisions that the appointment of the Commission shall be subject to the approval of the Council of the League of Nations, and that all reports presented by the Commission shall require their confirmation. Religious interests are equally well protected by the provisions that the Commission shall be in consultation with representatives of the confessions concerned, and that any religious confession which considers that the Mandatory is not giving effect to the provisions of the report may appeal to the Council of the League of Nations, who may require the Mandatory to reassemble the Commission.

His Majesty's Government confidently expect that the Great Powers and confessions who are interested in Palestine, and who

will, it is hoped, also be represented upon the Commission, will realise that the traditional policy of His Majesty's Government, its application in Palestine, and the proposals now put forward for the Holy Places Commission are such as to dispel all legitimate apprehensions. They will invite the Council of the League to agree that no further political or religious safeguard is either necessary or practicable.

I have the honour to add that His Majesty's Government regard the United States as one of the great powers interested in Palestine which should not be without representation upon the Commission. His Majesty's Government confidently assume that the United States Government will welcome these fresh proposals as likely to show more clearly the precise intention of Articles 13 and 14 of the Palestine Mandate and to dispel the unfounded apprehensions which have been expressed in certain quarters on this subject.

I have [etc.]

H. G. CHILTON

[Enclosure]

Alternative Draft of Article 14 of the Draft Mandate for Palestine

(1) In order to determine the existing rights in the Holy Places and religious buildings or sites in Palestine, which the mandatory is pledged under the preceding article to maintain, a Commission consisting of not less than seven members shall be appointed by the mandatory subject to the approval of the Council of the League of Nations. The duty of the Commission shall be to frame a report defining these rights, including rights of ownership, user and access. The report shall be laid before the Council of the League of Nations for confirmation and when confirmed shall be binding on the mandatory.

In the preparation of their report the Commission will consider all conflicting claims to any of the Holy Places and religious buildings or sites, and will endeavour in consultation with representatives of the confessions concerned to arrive at an agreed definition of existing rights. If no agreement can be arrived at within a period to be fixed in each case by the Commission, the Commission after hearing all parties shall decide judicially on the claims of which it has had notice and shall embody such decisions in their report.

(2) The report of the Commission may also contain recommendations for ensuring that certain Holy Places, religious buildings or sites which the Commission finds to be regarded with special veneration by the adherents of one particular religion are entrusted to the permanent control of suitable bodies representing the adherents of the religion concerned.

Such control will be guaranteed by the League of Nations.

(3) The Commission will settle its own procedure, and shall appoint its own staff. Each member of the Commission will in turn act as chairman of the Commission. The expenses of the Commission shall be defrayed by the League of Nations.

(4) In all cases dealt with under this article, the right and duty of the mandatory to maintain order and decorum in the place concerned shall not be affected, and the buildings and sites will be subject to the provisions of such laws relating to public monuments as may be enacted in Palestine with the approval of the mandatory.

(5) Any religious confession which considers that the mandatory is not giving effect to the provisions of the report may appeal to the Council of the League who may require the mandatory to reassemble the Commission for the purpose of considering and reporting upon any such appeal. Such report shall be laid before the Council of the League of Nations for confirmation and when confirmed shall be binding on the mandatory.

867n.01/260

The Department of State to the British Embassy

MEMORANDUM

The Department of State has received the British Chargé d'Affaire's note of July fifth respecting the Mandate for Palestine, and an accompanying draft of a proposed Convention between His Majesty's Government and the Government of the United States regarding the Palestine Mandate which, it is stated, has been drawn up in consultation with the French Government.

In a memorandum of July eighth¹⁹ the Department of State in replying to His Britannic Majesty's Embassy in regard to the proposed Mandates for territories in Africa, outlined the views of the Government of the United States concerning the form which it was desirable that the convention should take. Certain of the considerations presented in the memorandum are also pertinent to the subject of Mandates over former Turkish territory, and it is deemed to be advisable that in so far as it is practicable the convention for Palestine should follow closely the form of other similar conventions respecting mandates.

Certain variations, however, are essential on account of the differences between former Turkish territory and former German terri-

¹⁹ *Post*, p. 322.

tory in Africa and because of the fact that the United States was not a signatory power of the unratified Treaty of Sèvres.

With respect to the preamble of the draft convention the following suggestions are submitted:

The third paragraph should be omitted. The paragraph does not appear to be explanatory of the reasons underlying the negotiation of the proposed convention and therefore seems to be unessential.

It is suggested that, as in the other conventions, merely the Articles of the mandate and not the preamble should be recited.

A slight verbal change is suggested in the second paragraph of the preamble following the recital of the mandate.

As a substitute for the next two paragraphs a recital similar to that suggested with reference to the purpose of the other conventions is proposed.

With regard to the Articles of the draft convention, the following suggestions are submitted:

It is considered to be advisable that Articles 1 and 2 should follow the general form of the same numbered Articles in the draft convention accompanying the memorandum of July 8 delivered to the Embassy with respect to mandates for territories in Africa.²⁰

Having in mind the importance of American educational interests in Syria and in Palestine, it is deemed to be desirable that the conventions relating to mandates for each of these territories should include a provision with regard to the maintenance of American educational, philanthropic, and religious institutions. A proposal is being made respecting the insertion of such a provision in a convention to be concluded with respect to the mandate for Syria.²¹ And it is presumed that the British Government will not find objectionable a provision of this character in the convention under consideration, in view of the assurances contained in His Majesty's Government's note of December 29, last,^{21a} with respect to the religious and educational activities of American citizens in Palestine. The following Article is proposed:

Subject to the provisions of any local law for the maintenance of public order and public morals, the nationals of the United States will be permitted freely to establish and maintain educational, philanthropic, and religious institutions in the mandate territory, to receive voluntary applicants, and to teach in the English language.

It is evidently intended that the last sentence of Article 6 of the draft convention should deal with a contingency in which the

²⁰ For the Department's draft convention relating to territories in Africa, see telegram no. 199, July 10, 1922, to the Ambassador in Great Britain, p. 825.

²¹ See memorandum of July 12 to the French Embassy, p. 127.

^{21a} *Foreign Relations*, 1921, vol. II, p. 115.

convention shall have taken effect before the mandate has been issued. It is of course assumed that the mandate would not be effective before its issuance, and that the convention relating to the mandate would not sanction any action under the mandate prior to the issuance of the mandate. However, it being assumed that the British provisional administration which is now in effect shall continue, it is suggested that, instead of the concluding sentence of Article 6, a provision might be substituted with regard to the protection of American interests under such administration, prior to the issuance of the mandate. Such a provision might read in substance as follows:

His Britannic Majesty agrees that in the conduct of any provisional administration of Palestine pending the formal issuance of the mandate, the rights and privileges of nationals of the United States as defined by the present Convention shall be fully respected. There shall be no suspension of capitulatory rights prior to the issuance of the mandate.

Touching the mandate, reference is made to the addition to Article 8 regarding the suspension of capitulatory rights in Palestine proposed in the British Government's note of May 16,²² which reads as follows:

"The immunities and privileges of foreigners including the benefits of consular jurisdiction and protection as formerly enjoyed by capitulation or usage in the Ottoman Empire are suspended in Palestine, but shall be revived immediately and completely upon the termination of the Mandate régime, unless the powers whose nationals were entitled on August 1, 1914, to such rights, should agree or have agreed by treaty to their suspension or modification."

The provision is not free from ambiguity, and with a view to remedying it as regards matters of form solely, the following substitute is proposed:

The immunities and privileges of foreigners including the benefits of consular jurisdiction and protection as formerly enjoyed by capitulation or usage in the Ottoman Empire, are suspended in Palestine, but, unless the powers whose nationals were entitled on August 1, 1914, to such privileges and immunities shall have previously agreed to their abandonment or to their suspension for a further period, such privileges and immunities shall, immediately upon the termination of the mandate régime, be revived, either in full or subject to such modification if any as may have been agreed upon by the powers concerned.

A copy of a draft convention embodying the suggestions submitted in the memorandum is herewith enclosed.

WASHINGTON, *July 12, 1922.*

²² *Ante*, p. 280.

[Enclosure]

*Draft Convention between the United States and Great Britain
Regarding the Mandate for Palestine*

WHEREAS by the Treaty of Peace concluded with the Allied Powers, Turkey renounces all her rights and titles over Palestine, and

WHEREAS Article 22 of the Covenant of the League of Nations in the Treaty of Versailles provides that in the case of certain territories which as a consequence of the late war ceased to be under the sovereignty of the States which formerly governed them mandates should be issued and that the terms of the mandate should be explicitly defined in each case by the Council of the League, and

WHEREAS the Principal Allied Powers have agreed to entrust the mandate for Palestine to His Britannic Majesty, and

WHEREAS the terms of the said mandate have been defined by the Council of the League of Nations as follows:

(Terms of Mandate without the preamble.)

and

WHEREAS the mandate in the above terms will be issued on the coming into force of the treaty of peace with Turkey, and

WHEREAS the United States of America by participating in the war against Germany contributed to her defeat and the defeat of her allies and to the renunciation of the rights and titles of her allies in the territory transferred by them, but has not ratified the Covenant of the League of Nations embodied in the Treaty of Versailles, and

WHEREAS the Government of the United States and the Government of Great Britain desire to reach a definite understanding with regard to the rights of the two Governments and their respective nationals in Palestine:

His Britannic Majesty and the President of the United States of America have decided to conclude a convention to this effect and have nominated as their plenipotentiaries

Who
have agreed as follows:—

ARTICLE I

Subject to the provisions of the present Convention the United States consents to the administration by His Britannic Majesty, pursuant to the aforesaid mandate, of Palestine, including the territories lying between the Jordan and the eastern boundary of Palestine as ultimately determined.

ARTICLE II

The United States and its nationals shall have and enjoy all the rights and benefits secured under the terms of the mandate to members of the League of Nations and their nationals, notwithstanding the fact that the United States is not a member of the League of Nations.

ARTICLE III

Vested American property rights in the mandated territory shall be respected and in no way impaired.

ARTICLE IV

A duplicate of the annual report to be made by the mandatory under Article 24 of the mandate shall be furnished to the United States.

ARTICLE V

Subject to the provisions of any local law for the maintenance of public order and public morals, the nationals of the United States will be permitted freely to establish and maintain educational, philanthropic and religious institutions in the mandate territory, to receive voluntary applicants and to teach in the English language.

ARTICLE VI

Nothing contained in the present Convention shall be affected by any modification which may be made in the terms of the mandate as recited above unless such modification shall have been assented to by the United States.

ARTICLE VII

The present Convention shall be ratified in accordance with the respective constitutional methods of the High Contracting Parties. The ratifications shall be exchanged in London as soon as practicable. It shall take effect on the date of the exchange of ratifications.

His Britannic Majesty's Government agree that in the conduct of any provisional administration of Palestine pending the formal issue of the Mandate, the rights and privileges of American citizens, as defined by this Convention, shall be fully respected. There shall be no suspension of capitulatory rights prior to the issue of the Mandate.

In Witness Whereof
Done in duplicate at, this day of

887n.01/258

The British Chargé (Chilton) to the Secretary of State

No. 545

WASHINGTON, July 15, 1922.

SIR: With reference to the memorandum which you were good enough to address to me on the 12th instant on the subject of the Palestine mandate, I have the honour to transmit herewith, by direction of my Government, copies of:—

(a) The white paper published on July 3rd²³ enumerating the amendments in the text of the Palestine Mandate and containing the note which His Majesty's Government have addressed to the League of Nations in reply to Cardinal Gasparri's memorandum of May 15th.

(b) The draft of the Palestine mandate in its final form.

I have [etc.]

H. G. CHILTON

[Enclosure]

Revised Final Draft of the Mandate for Palestine

THE COUNCIL OF THE LEAGUE OF NATIONS.

WHEREAS by Article 132 of the Treaty of Peace signed at Sèvres on the tenth day of August, 1920, Turkey renounces in favour of the Principal Allied Powers all rights and title over Palestine; and

WHEREAS by Article 95 of the said treaty the High Contracting Parties agreed to entrust, by application of the provisions of Article 22, the administration of Palestine, within such boundaries as might be determined by the Principal Allied Powers, to a mandatory to be selected by the said Powers; and

WHEREAS by the same article the High Contracting Parties further agreed that the mandatory should be responsible for putting into effect the declaration originally made on November 2, 1917, by the Government of His Britannic Majesty, and adopted by the other Allied Powers, in favour of the establishment in Palestine of a national home for the Jewish people, it being clearly understood that nothing should be done which might prejudice the civil and religious rights of existing non-Jewish communities in Palestine, or the rights and political status enjoyed by Jews in any other country; and

WHEREAS recognition has thereby been given to the historical connection of the Jewish people with Palestine and to the grounds for reconstituting their national home in that country; and

²³ Not printed.

WHEREAS the Principal Allied Powers have selected His Britannic Majesty as the mandatory for Palestine; and

WHEREAS the terms of the mandate in respect of Palestine have been formulated in the following terms and submitted to the Council of the League for approval; and

WHEREAS His Britannic Majesty has accepted the mandate in respect of Palestine and undertaken to exercise it on behalf of the League of Nations in conformity with the following provisions;

Hereby approves the terms of the said mandate as follows:—

ARTICLE 1

His Britannic Majesty shall have the right to exercise as mandatory all the powers inherent in the Government of a Sovereign State, save as they may be limited by the terms of this mandate.

ARTICLE 2

The mandatory shall be responsible for placing the country under such political, administrative and economic conditions as will secure the establishment of the Jewish national home, as laid down in the preamble, and the development of self-governing institutions, and also for safeguarding the civil and religious rights of all the inhabitants of Palestine, irrespective of race and religion.

ARTICLE 3

The mandatory shall encourage the widest measure of self-government for localities consistent with the prevailing conditions.

ARTICLE 4

An appropriate Jewish agency shall be recognised as a public body for the purpose of advising and co-operating with the Administration of Palestine in such economic, social and other matters as may affect the establishment of the Jewish national home and the interests of the Jewish population in Palestine, and, subject always to the control of the Administration, to assist and take part in the development of the country.

The Zionist organisation, so long as its organisation and constitution are in the opinion of the mandatory appropriate, shall be recognised as such agency. It shall take steps in consultation with His Britannic Majesty's Government to secure the co-operation of all Jews who are willing to assist in the establishment of the Jewish national home.

ARTICLE 5

The mandatory shall be responsible for seeing that no Palestine territory shall be ceded or leased to, or in any way placed under the control of the Government of any foreign Power.

ARTICLE 6

The Administration of Palestine, while ensuring that the rights and position of other sections of the population are not prejudiced, shall facilitate Jewish immigration under suitable conditions and shall encourage in co-operation with the Jewish agency referred to in Article 4 close settlement by Jews on the land, including State lands and waste lands not required for public purposes.

ARTICLE 7

The Administration of Palestine will be responsible for enacting a nationality law. There shall be included in this law provisions framed so as to facilitate the acquisition of Palestinian citizenship by Jews who take up their permanent residence in Palestine.

ARTICLE 8

The immunities and privileges of foreigners, including the benefits of consular jurisdiction and protection as formerly enjoyed by Capitulation or usage in the Ottoman Empire, are suspended in Palestine, but shall be revived immediately and completely upon the termination of the mandate régime, unless the Powers whose nationals were entitled on the 1st August, 1914, to such rights should agree, or have agreed, by treaty to their suspension or modification.

ARTICLE 9

The mandatory shall be responsible for seeing that the judicial system established in Palestine shall safeguard (a) the interests of foreigners: (b) the law and (to the extent deemed expedient) the jurisdiction now existing in Palestine with regard to questions arising out of the religious beliefs of certain communities (such as the laws of wakf and personal status). In particular the mandatory agrees that the control and administration of wakfs shall be exercised in accordance with religious law and the dispositions of the founders.

ARTICLE 10

Pending the making of special extradition agreements relating to Palestine, the extradition treaties in force between the mandatory and other foreign Powers shall apply to Palestine.

ARTICLE 11

The Administration of Palestine shall take all necessary measures to safeguard the interests of the community in connection with the development of the country, and, subject to Article 311 of the Treaty of Peace with Turkey, shall have full power to provide for public ownership or control of any of the natural resources of the country or of the public works, services and utilities established or to be established therein. It shall introduce a land system appropriate to the needs of the country, having regard, among other things to the desirability of promoting the close settlement and intensive cultivation of the land.

The Administration may arrange with the Jewish agency mentioned in Article 4 to construct or operate, upon fair and equitable terms, any public works, services and utilities, and to develop any of the natural resources of the country, in so far as these matters are not directly undertaken by the Administration. Any such arrangements shall provide that no profits distributed by such agency, directly or indirectly, shall exceed a reasonable rate of interest on the capital, and any further profits shall be utilised by it for the benefit of the country in a manner approved by the Administration.

ARTICLE 12

The mandatory shall be entrusted with the control of the foreign relations of Palestine, and the right to issue exequaturs to consuls appointed by foreign Powers. He shall also be entitled to afford diplomatic and consular protection to citizens of Palestine when outside its territorial limits.

ARTICLE 13

All responsibility in connection with the Holy Places and religious buildings or sites in Palestine, including that of preserving existing rights, of securing free access to the Holy Places, religious buildings and sites and the free exercise of worship, while ensuring the requirements of public order and decorum, is assumed by the mandatory, who will be responsible solely to the League of Nations in all matters connected therewith; provided that nothing in this article shall prevent the mandatory from entering into such arrangement as he may deem reasonable with the Administration for the purpose of carrying the provisions of this article into effect; and provided also that nothing in this mandate shall be construed as conferring upon the mandatory authority to interfere with the fabric or the management of purely Moslem sacred shrines, the immunities of which are guaranteed.

ARTICLE 14

In order to determine the existing rights in the Holy Places and religious buildings or sites in Palestine, which the mandatory is pledged under the preceding Article to maintain, a Commission consisting of not less than seven members shall be appointed by the mandatory subject to the approval of the Council of the League of Nations. The duty of the Commission shall be to frame a report defining these rights, including rights of ownership, user and access. The report shall be laid before the Council of the League of Nations for confirmation and when confirmed shall be binding on the mandatory.

In the preparation of their report the Commission will consider all conflicting claims to any of the Holy Places and religious buildings or sites, and will endeavour in consultation with representatives of the confessions concerned to arrive at an agreed definition of existing rights. If no agreement can be arrived at within a period to be fixed in each case by the Commission, the Commission after hearing all parties shall decide judicially on the claims of which it has had notice and shall embody such decisions in their report.

The report of the Commission may also contain recommendations for ensuring that certain Holy Places, religious buildings or sites which the Commission finds to be regarded with special veneration by the adherents of one particular religion are entrusted to the permanent control of suitable bodies representing the adherents of the religion concerned.

Such control will be guaranteed by the League of Nations.

The Commission will settle its own procedure, and shall appoint its own staff. Each member of the Commission will in turn act as Chairman of the Commission. The expenses of the Commission shall be defrayed by the League of Nations.

In all cases dealt with under this Article, the right and duty of the mandatory to maintain order and decorum in the place concerned shall not be affected, and the buildings and sites will be subject to the provisions of such laws relating to public monuments as may be enacted in Palestine with the approval of the mandatory.

Any religious confession which considers that the mandatory is not giving effect to the provisions of the report may appeal to the Council of the League who may require the mandatory to reassemble the Commission for the purpose of considering and reporting upon any such appeal. Such report shall be laid before the Council of the League of Nations for confirmation and when confirmed shall be binding on the mandatory.

ARTICLE 15

The mandatory will see that complete freedom of conscience and the free exercise of all forms of worship, subject only to the maintenance of public order and morals, is ensured to all. No discrimination of any kind shall be made between the inhabitants of Palestine on the ground of race, religion or language. No person shall be excluded from Palestine on the sole ground of his religious belief.

The right of each community to maintain its own schools for the education of its own members in its own language (while conforming to such educational requirements of a general nature as the Administration may impose) shall not be denied or impaired.

ARTICLE 16

The mandatory shall be responsible for exercising such supervision over religious or eleemosynary bodies of all faiths in Palestine as may be required for the maintenance of public order and good government. Subject to such supervision no measures shall be taken in Palestine to obstruct or interfere with the enterprise of such bodies or to discriminate against any representative or member of them on the ground of his religion or nationality.

ARTICLE 17

The Administration of Palestine may organize on a voluntary basis the forces necessary for the preservation of peace and order, and also for the defence of the country, subject, however, to the supervision of the mandatory, but shall not use them for purposes other than those above specified save with the consent of the mandatory. Except for such purposes, no military, naval or air forces shall be raised or maintained by the administration of Palestine.

Nothing in this article shall preclude the administration of Palestine from contributing to the cost of the maintenance of forces maintained by the mandatory.

The mandatory shall be entitled at all time to use the roads, railways and ports of Palestine for the movement of armed forces and the carriage of fuel and supplies.

ARTICLE 18

The mandatory must see that there is no discrimination in Palestine against the nationals of any of the states Members of the League of Nations (including companies incorporated under their laws) as

compared with those of the mandatory or of any foreign state in matters concerning taxation, commerce or navigation, the exercise of industries or professions, or in the treatment of merchant vessels or civil aircraft. Similarly there shall be no discrimination in Palestine against goods originating in or destined for any of the said states, and there shall be freedom of transit under equitable conditions across the mandated area.

Subject as aforesaid and to the other provisions of this mandate, the Administration of Palestine may on the advice of the mandatory impose such taxes and customs duties as it may consider necessary, and take such steps as it may think best to promote the development of the natural resources of the country and to safeguard the interests of the population.

Nothing in this article shall prevent the Government of Palestine, on the advice of the mandatory, from concluding a special customs agreement with any state, the territory of which in 1914 was wholly included in Asiatic Turkey or Arabia.

ARTICLE 19

The mandatory will adhere on behalf of the Administration to any general international conventions already existing or that may be concluded hereafter with the approval of the League of Nations respecting the slave traffic, the traffic in arms and ammunition, or the traffic in drugs, or relating to commercial equality, freedom of transit and navigation, aerial navigation and postal, telegraphic and wireless communication or literary, artistic or industrial property.

ARTICLE 20

The mandatory will cooperate on behalf of the Administration of Palestine, so far as religious, social and other conditions may permit, in the execution of any common policy adopted by the League of Nations for preventing and combating disease, including diseases of plants and animals.

ARTICLE 21

The mandatory will secure, within twelve months from the date of the coming into force of this mandate, the enactment, and will ensure the execution of a Law of Antiquities based on the provisions of Article 421 of Part XIII of the Treaty of Peace with Turkey. This law shall replace the former Ottoman law of Antiquities, and shall ensure equality of treatment in the matter of archaeological research to the nationals of all Members of the League of Nations.

ARTICLE 22

English, Arabic and Hebrew shall be the official languages of Palestine. Any statement or inscriptions in Arabic on stamps or money in Palestine shall be repeated in Hebrew and any statements or inscriptions in Hebrew shall be repeated in Arabic.

ARTICLE 23

The Administration of Palestine shall recognise the Holy days of the respective communities in Palestine as legal days of rest for the members of such communities.

ARTICLE 24

The mandatory shall make to the Council of the League of Nations an annual report as to the measures taken during the year to carry out the provisions of the mandate. Copies of all laws and regulations promulgated or issued during the year shall be communicated with the report.

ARTICLE 25

In the territories lying between the Jordan and the eastern boundary of Palestine as ultimately determined the mandatory shall be entitled with the consent of the Council of the League of Nations to postpone or withhold application of such provisions of this mandate as he may consider inapplicable to the existing local conditions, and to make such provision for the administration of the territories as he may consider suitable to those conditions, provided no action shall be taken which is inconsistent with the provisions of Articles 15, 16 and 18.

ARTICLE 26

If any dispute whatever should arise between the Members of the League of Nations relating to the interpretation or the application of these provisions which cannot be settled by negotiation, this dispute shall be submitted to the Permanent Court of International Justice provided for by Article 14 of the Covenant of the League of Nations.

ARTICLE 27

The consent of the Council of the League of Nations is required for any modification of the terms of this mandate.

ARTICLE 28

In the event of the termination of the mandate conferred upon the mandatory by this Declaration, the Council of the League of Nations shall make such arrangements as may be deemed necessary for safeguarding in perpetuity, under guarantee of the League, the rights secured by Articles 13 and 14, and for securing, under the guarantee of the League, that the Government of Palestine will fully honour the financial obligations, legitimately incurred by the Administration of Palestine during the period of the mandate, including the rights of public servants to pensions or gratuities.

The present copy shall be deposited in the archives of the League of Nations and certified copies shall be forwarded by the Secretary-General of the League of Nations to all Members of the League.

Made at the day of

800.01 M 31/130 : Telegram

The Ambassador in Great Britain (Harvey) to the Secretary of State

LONDON, *July 18, 1922—5 p.m.*

[Received July 18—3:13 p.m.]

300. The B mandates were officially adopted at this morning's session of the League Council. Balfour in the course of the debate referred to the fact that complete agreement had been reached with the United States regarding both A and B mandates but he corrected this statement by excepting the Mesopotamia mandate which will not be discussed at this meeting. The Palestine and Syrian mandates will be considered tomorrow and I am informed that the Italians may object to certain economic clauses in the latter. As regards the Palestine mandate while it appears that the Vatican is fairly satisfied with its terms the French Government are anxious that the President of the Commission for the custody of the Holy Places be given to them. The naming of the members of this commission is I understand entrusted to the Council of the League on which the Catholic powers are well represented and it is thereby hoped to satisfy Catholic sentiment. Opposition to the mandate is increasing in Great Britain and a memorial has been prepared by members of both Houses of Parliament for the consideration of the Prime Minister asking that the Council of the League postpone consideration of the mandate for Palestine on account of the growing unrest there. The Palestine-Arab delegation now in London has been very active in this connection.

HARVEY

867n.01/284 : Telegram

The Ambassador in Great Britain (Harvey) to the Secretary of State

LONDON, August 3, 1922—5 p.m.

[Received August 3—4:18 p.m.]

335. A note has been received from the Foreign Office²⁴ dealing with convention between the British Government and the United States Government on the subject of the Palestine mandate in which it is stated that the British Government will shortly be in a position to submit a counter draft based on the State Department's draft.

The note continues as follows:

"It seems however to His Majesty's Government important that the analogous conventions which the French Government are negotiating with your Government regarding the French mandated territories should be as far as possible identical in form and substance with the Anglo-American conventions and I am therefore anxious in the first instance to consult the French Government on certain points.

Meanwhile the final and formal approval of the terms of the Syrian and Palestine mandates by the Council of the League at their last session renders it desirable that I should offer at once the following explanation regarding article 8 of the Palestine mandate. In the State Department's memorandum²⁵ an alternative text to that given in my note of May 15th [16th?]²⁶ is suggested in order to make clearer the precise intention of this article. During the recent discussions at the Council of the League His Majesty's Government learnt that the relevant sentences of the corresponding article (number 5) in the Syrian mandate had been carefully prepared by the French Government to meet the wishes of the United States Government who had agreed to accept it; and that the wording of these sentences was identical with the alternative text now suggested by the State Department for article 8 of the Palestine mandate except for the substitution of the words 'shall not be applicable' for the words 'are suspended'. In pursuance therefore of their consistent policy of keeping the texts of the A mandates as far as possible identical His Majesty's Government invited the Council of the League to adopt for article 8 of the Palestine mandate the wording of the corresponding sentences of article 5 of the Syrian Mandate."

Article 8 as finally approved by the League Council reads as follows:

"The privileges and immunities of foreigners in receipt of [*including*] the benefits of consular jurisdiction and protection as formerly enjoyed by capitulation or usage in the Ottoman Empire shall not be applicable in Palestine.

Unless the powers whose nationals enjoyed the aforementioned privileges and immunities on August 1st 1914 shall have previously re-

²⁴ Dated Aug. 2.

²⁵ Of July 12, p. 287.

²⁶ *Ante*, p. 280.

nounced the right to their reestablishment or shall have agreed to their non-application for a specified period these privileges and immunities shall at the expiration of the mandate be immediately reestablished in their entirety or with such modifications as may have been agreed upon between the powers concerned."

HARVEY

867n.01/258

The Secretary of State to the British Chargé (Chilton)

The Secretary of State presents his compliments to the Chargé d'Affaires *ad interim* of Great Britain and begs to acknowledge with thanks the receipt of his Note No. 545 of July 15, 1922, transmitting, by direction of His Majesty's Government, copies of a White Paper published on July 3rd in connection with the proposed issue of the Palestine Mandate, and a draft copy of that Mandate.

The attention of His Britannic Majesty's Chargé is drawn to the fact that the draft copy of the Palestine Mandate submitted on July 15th was prepared previous to the receipt of this Government's communication of July 12th suggesting certain modifications in the text of the Mandate. It is presumed, therefore, that in stating that the text of the Palestine Mandate as submitted on July 15th was in final form, it was not intended to indicate that the draft would not be susceptible of modification as a result of this Government's observations of the 12th ultimo.

WASHINGTON, August 8, 1922.

867n.01/254

The Secretary of State to the British Ambassador (Geddes)

WASHINGTON, August 18, 1922.

EXCELLENCY: I have the honor to acknowledge the receipt of Mr. Chilton's communication No. 524 of July 10th, in which he has outlined the measures proposed by His Britannic Majesty's Government for the protection of the Holy Places in Palestine and submitted for the information of this Government a revised draft of Article XIV of the Mandate.

The United States has always taken a deep interest in Palestine and appreciates the courtesy of His Britannic Majesty's Government in keeping it fully informed in regard to the measures proposed to protect existing rights in the Holy Places. The expression of Your Government's desire that the United States should not be without representation upon the Commission provided under Article XIV

of the Mandate has been noted and this Government will be glad to give the matter consideration at the appropriate time.

Accept [etc.]

CHARLES E. HUGHES

867n.01/300

The British Ambassador (Geddes) to the Acting Secretary of State

No. 680

His Britannic Majesty's Ambassador presents his compliments to the Acting Secretary of State and, with reference to the memorandum which Mr. Hughes was so good as to address to him on August 8th last, has the honour to state he understands that it is the intention of His Majesty's Government to furnish the United States Ambassador in London at an early date with a counterdraft of the Convention between His Majesty's Government and the United States Government relative to the Palestinian Mandate, in which it is hoped that the various contentions advanced by the United States Government in their note of July 12th will be found to have been substantially taken into account.

Sir Auckland Geddes takes this opportunity of pointing out that, while Mr. Hughes' memorandum of August 8th refers to the "Palestine Mandate", it is assumed that the real concern of the United States Government is with the Convention referred to above, to which their note of July 12th relates. The terms of the mandate itself have now, as Mr. Phillips will be aware, been formally approved by the Council of the League of Nations and cannot therefore be reconsidered.

WASHINGTON, *September 5, 1922.*

867n.01/313a : Telegram

The Secretary of State to the Vice Consul at Jerusalem (Cobb)

WASHINGTON, *October 6, 1922—5 p.m.*

(1) Press reports indicate the formal promulgation on September 11th of British Mandate for Palestine.

(2) Negotiations are still in progress with the British Government relative to the terms upon which the Mandate is acceptable to this Government.

(3) Pending the conclusion of these negotiations of which you will be subsequently informed it is desired that the Consulate continue to exercise all capitulatory and other rights as heretofore.

(4) Inform Department promptly and in detail should Palestine administration attempt any curtailment of these rights.

(5) Should definite necessity therefor arise you may in your discretion communicate orally to the Palestine Government the substance of paragraphs two and three of this instruction.

HUGHES

867n.01/318

The Ambassador in Great Britain (Harvey) to the Secretary of State

No. 1748

LONDON, October 11, 1922.

[Received October 20.]

SIR: Confirming this Embassy's telegram No. 442 of October 4, 12 noon, 1922,²⁷ I have the honor to enclose herewith copies of Notes No. W 7965/1110/98, and No. E 9865/78/65, dated September 30, 1922,²⁸ and October 2, 1922, respectively, relative to the proposed Convention between Great Britain and the United States regarding the Palestine mandate and the African mandates.

I have [etc.]

For the Ambassador:

OLIVER B. HARRIMAN

First Secretary of Embassy

[Enclosure]

The British Secretary of State for Foreign Affairs (Curzon) to the American Ambassador (Harvey)

No. E 9865/78/65

[LONDON,] 2 October, 1922.

YOUR EXCELLENCY: With further reference to your note of July 14th²⁹ to the Earl of Balfour transmitting a counter draft from the State Department of the proposed convention between Great Britain and the United States regarding the Palestine mandate, I have the honour to inform your excellency that the terms of this convention have received the most careful consideration and His Majesty's Government are prepared substantially to accept the operative clauses of the convention now proposed by the State Department, subject to certain modifications explained below. At the same time they desire to suggest a somewhat different form to the preamble to the convention, as suggested by the United States Government.

2. His Majesty's Government are anxious if possible that the convention should contain a specific allusion to the policy of establishing

²⁷ Not printed.

²⁸ Note of Sept. 30, *post*, p. 330.

²⁹ Not printed; see memorandum of July 12 to the British Embassy, p. 287.

a national home for the Jewish people in Palestine, having regard to the interest taken in this policy in the United States and the warm support which it has received in that country, of which the recent resolutions of both houses of Congress have afforded striking evidence. On this ground, and also because article 2 of the mandate—which is in any case to be recited in the preamble to the convention—contains an explicit reference to the preamble to the mandate, His Majesty's Government hope that the United States Government will now be willing to agree to the insertion of the whole mandate, including the preamble, in the preamble to the convention. The United States Government will observe that the text of the preamble to the mandate, as now finally defined by the Council of the League at its recent session in London, a copy of which has already been furnished to you,³⁰ contains no reference to the Treaty of Sèvres or to the Turkish renunciation in favour of the principal allied powers of all rights and title over Palestine, thus removing a difficulty to which the United States Government had previously drawn attention in their negotiations with His Majesty's Government on the question of this convention.

3. If the preamble to the mandate is thus to be recited together with the mandate in the preamble to the convention, His Majesty's Government would suggest that a shorter preamble might be adopted for the convention itself in the following sense:—

“Whereas for the purpose of giving effect to the provisions of article 22 of the covenant of the League of Nations a mandate for the administration of Palestine, including therein the territories lying between the Jordan and the eastern boundary of Palestine as ultimately determined, has been entrusted to His Britannic Majesty and

Whereas the terms of the mandate in respect of Palestine have been defined by the Council of the League of Nations as follows:—
(here insert terms of mandate in full) and

Whereas His Britannic Majesty has accepted the mandate in the above terms in respect of Palestine and has undertaken to exercise it on behalf of the League of Nations: and

Whereas the Government of His Britannic Majesty and the Government of the United States of America are desirous of reaching a definite understanding as to the rights of their respective countries and of their nationals in Palestine:

His Britannic Majesty and the President of the United States of America have decided to conclude a convention to this effect and have nominated as their plenipotentiaries who have agreed as follows:—”

4. This shortened preamble has been specially drafted with a view to avoid these difficulties to which the United States Govern-

³⁰ *Ante*, p. 290.

ment have drawn the attention of His Majesty's Government. With regard to the reference to the states by which the mandatory has been selected, it will be seen that the draft merely records that in fact His Britannic Majesty has been selected to be the mandatory for Palestine. As this selection has been accepted by all parties, specific reference to the powers who were actually present at the meeting where the selection was made, in the body of the preamble to the convention seems quite immaterial.

5. If the United States Government, however, still find difficulty in accepting the insertion of the preamble to the mandate in the preamble to the draft convention, and if they see any serious objection to the shortened form of the preamble given above, His Majesty's Government would reluctantly be prepared in the last resort to accept the draft of the preamble as suggested by the United States Government, provided, however, that, in order to meet the desire of His Majesty's Government, regarding a reference in the convention to the policy of establishing a national home for the Jews in Palestine, the United States Government would agree to insert an additional recital immediately after the third recital in the preamble to the United States draft of the convention in something like the following terms:—

“Whereas the Government of the United States have recognised the decision of the principal allied powers that the mandatory should be responsible for putting into effect the declaration originally made on the 2nd November 1917 by His Britannic Majesty's Government and adopted by the other allied powers in favour of the establishment in Palestine of a national home for the Jewish people, it being clearly understood that nothing should be done which might prejudice the civil or religious rights of non-Jewish communities in Palestine or the rights and political status enjoyed by Jews in any other country: and”

6. As regards the operative clauses of the convention His Majesty's Government accept the word “consents” instead of “concurs” in article 1 of the convention subject to the reservations already made on this point by His Majesty's representative at Washington in connection with the African mandates.³¹ As a draft alteration they would also suggest that, if the shortened form of the preamble suggested above is accepted by the United States Government, the words “as defined in the preamble hereto” might be substituted for the words “including the territories . . .”³² as ultimately determined” in article 1. If the shortened form of the preamble is not accepted, the American draft of article 1 would stand. Subject to this reservation

³¹ See *aide-mémoire* from the British Chargé received June 29, p. 314.

³² Omission indicated on Foreign Office note.

as regards article 1, His Majesty's Government are prepared to accept the State Department's draft of the first four articles of the convention.

7. With regard to article 5 of the American draft convention I would refer you to the note which I addressed to you on the 30th ultimo regarding the B mandates.⁸⁸ The considerations there set forth, relating to the necessity for United States persons and institutions in B mandate territories being subject to the restrictions required for the maintenance of good government apply with equal force to Palestine. At the same time, His Majesty's Government desire to assure the United States Government that the use of the word "maintaining" [*"maintain"?*] in article 15 of the mandate for Palestine is not intended to restrict the opening of new American schools in that country or to restrict the right of such schools to admit pupils of another community. They also wish to make it clear that the second clause of article 16 of the mandate is intended to show that the supervision of the mandatory will be strictly limited to that required for the maintenance of public order and good government. The fact that schools are not mentioned in article 16, and that article 15 merely provides that schools of local communities shall conform to such educational requirements of a general nature as the administration may impose, does not imply that schools in Palestine are to be free from the restrictions required for the maintenance of good government. In conclusion His Majesty's Government assure the United States Government that United States nationals will be perfectly free to teach in the English language in those educational, philanthropic and religious institutions which they may establish and maintain in Palestine. In the light of these explanations and assurances His Majesty's Government feel sure that the United States Government will regard as unnecessary the insertion in the convention of any article dealing with these points and article 5 of the American draft has accordingly been omitted in the British counter-draft of the convention.

8. Article 6 in the American draft is identical with that of article 5 in the original British version, and His Majesty's Government have no desire to amend it. They are, however, anxious to substitute in the second paragraph of article 7 of the American draft the expression "coming into force" for the words "formal issue" and "issue."

9. The minutes of the July meeting of the Council of the League of Nations, relating to the mandates for Palestine and Syria, read as follows:—"The Council decided that the mandate for Palestine

⁸⁸ *Post*, p. 330.

was approved . . . ³⁴ and that the mandate for Syria would come automatically into force as soon as the negotiations between the French and Italian Governments have resulted in a final agreement. It was further understood that the two mandates should come into force simultaneously."

10. In these circumstances His Majesty's Government are anxious that nothing in the proposed convention should give rise to the impression that the suspension of capitulatory rights in Palestine should not take place until the conclusion of peace between the allied powers and Turkey and the consequent formal issue of the mandate. In their view the mandatory régime has now received formal sanction and will come automatically into force in the manner described in the minutes of the Council of the League, to which reference is made above, and they trust that the United States Government will agree that in these circumstances the provisions of article 8 of the mandate fully safeguard the legitimate interests of American citizens in Palestine.

11. With reference to article 10 of the mandate His Majesty's Government have inserted in the convention a new article 5 as follows: "the extradition treaties and conventions in force between the United States and the United Kingdom shall apply to Palestine." His Majesty's Government trust that the United States Government will see no objection to such an article but they would of course be prepared to accept in its place an assurance from the United States Government that they regard the words "foreign powers" in article 10 of the mandate as applying to the United States.

12. I transmit, herewith, for convenience of reference copies of the Anglo-American convention amended in accordance with the suggestions set forth above.

I have [etc.]

CURZON OF KEDLESTON

[Subenclosure]

*Draft Convention between the United States and Great Britain
Regarding the Mandate for Palestine*

WHEREAS for the purpose of giving effect to the provisions of article 22 of the Covenant of the League of Nations a mandate for the administration of Palestine, including therein the territories lying between the Jordan and the eastern boundary of Palestine as ultimately determined, has been entrusted to His Britannic Majesty, and

WHEREAS the terms of the mandate in respect of Palestine have been defined by the Council of the League of Nations as follows:—

³⁴ Omission indicated on Foreign Office memorandum.

(Insert terms of mandate in full).

and

WHEREAS His Britannic Majesty has accepted the mandate in the above terms in respect to Palestine and has undertaken to exercise it on behalf of the League of Nations: and

WHEREAS the Government of His Britannic Majesty and the Government of the United States of America are desirous of reaching a definite understanding as to the rights of their respective Governments and of their nationals in Palestine:

His Britannic Majesty and the President of the United States of America have decided to conclude a Convention to this effect and have nominated as their plenipotentiaries who have agreed as follows:—

ARTICLE 1

Subject to the provisions of the present convention the United States consents to the administration by His Britannic Majesty, pursuant to the aforesaid mandate, of Palestine, as defined in the Preamble hereto.

ARTICLE 2

The United States and its nationals shall have and enjoy all rights and benefits secured under the terms of the mandate to members of the League of Nations and their nationals, notwithstanding the fact that the United States is not a member of the League of Nations.

ARTICLE 3

Vested American property rights in the mandated territory shall be respected and in no way impaired.

ARTICLE 4

A duplicate of the annual report to be made by the mandatory under article 24 of the mandate shall be furnished to the United States.

ARTICLE 5

The extradition treaties and convention[s] in force between the United States and the United Kingdom shall apply to Palestine.

ARTICLE 6

Nothing contained in the present convention shall be affected by any modification which may be made in the terms of the mandate, as recited above, unless such modification shall have been assented to by the United States.

ARTICLE 7

The present convention shall be ratified in accordance with the respective constitutional methods of the High Contracting Parties. The ratification shall be exchanged in London as soon as practicable. It shall take effect on the date of the exchange of ratifications.

His Britannic Majesty's Government agree that in the conduct of any provisional administration of Palestine pending the entry into force of the mandate the rights and privileges of American citizens, as defined by this convention, shall be fully respected. There shall be no suspension of capitulatory rights prior to the entry into force of the mandate.

In witness whereof

Done in duplicate at this day of September 1922.

867n.01/318

The Department of State to the British Embassy

WASHINGTON, January 20, 1923.

MEMORANDUM

Under date of October 2nd a communication was received by the American Embassy in London from the British Foreign Office suggesting certain changes in previous drafts of the proposed Convention relating to the Mandate for Palestine.

While the Department is not adverse to proceeding with the consideration of this question, it has been felt that in view of the Lausanne Conference it might be agreeable to the British Foreign Office to await the termination of the present negotiations with Turkey before continuing the correspondence for the conclusion of the Palestine Mandate Convention.

African Territories

800.01 M 31/105b : Telegram

*The Secretary of State to the Ambassador in Great Britain
(Harvey)*

WASHINGTON, April 4, 1922—11 p.m.

97. Reference your despatch No. 811 December 23, 1921.⁸⁵ Please communicate the following textually to Lord Curzon at the earliest possible moment.⁸⁶

⁸⁵ *Foreign Relations*, 1921, vol. II, p. 110.

⁸⁶ Several slight typographical errors in the note have been corrected to accord with instructions sent the Ambassador on Apr. 7 (file no. 800.01 M 31/106c).

"In your Lordship's communication of December 22, 1921,"⁷⁷ your Lordship has stated the views of His Majesty's Government with respect to the British mandates for East Africa, Togoland and the Cameroons. The question of the mandate for Palestine has been discussed in your Lordship's note of December 29, 1921⁷⁸ and in my note of (here insert reference)⁷⁹

As I stated in that note, referring to my memorandum of August 24, 1921⁸⁰ the position of my government must necessarily remain unchanged since the views advanced were confined to the purpose of safeguarding the interests of the United States and the fair and equal opportunities which it was believed the United States should enjoy in common with the other Powers.

Your Lordship sets forth that it has never been the intention of His Majesty's Government to deprive the United States of any of the rights and privileges to which it is entitled as a result of the common victory over Germany. My Government had entertained no doubt that this was the attitude of Great Britain, and welcomes the cordial assurance that His Majesty's Government is quite willing to meet the wishes of the United States.

In view of this understanding, my Government is convinced that there will be no difficulty or delay in the negotiation of a treaty embodying the assent, upon appropriate conditions, of the United States to the terms of the draft British mandates for East Africa and the British parts of Togoland and the Cameroons. As I have explained in my memorandum of August 24, 1921, the right of the United States in the territories, to which Germany has renounced her title, could not be disposed of without the assent of my Government, and, for the reasons given in my memorandum, the appropriate manner of expressing this assent would be through a treaty. Such a treaty could recite the articles of the mandates setting forth the engagements of the Mandatory and should contain appropriate undertakings on the part of His Majesty's Government for the suitable protection of the rights and interests of the United States. This arrangement will, it is believed, obviate any objections such as those suggested by His Majesty's Government by reason of any obligations which the Allied Powers have assumed in the Treaty of Versailles with regard to Germany and with regard to one another.

In this view, taking up the various points to which Your Lordship refers, it may be observed:

(1) *Discrimination*.—In my memorandum of August 24, 1921, I alluded to the provisions for equal commercial opportunity in Article 7 of the mandate for East Africa and Article 6 of the British mandates for Togoland and the Cameroons,⁸¹ and called attention to the fact that these provisions were not extended to the nationals of the United States. My Government does not desire to insist that the

⁷⁷ *Foreign Relations*, 1921, vol. II, p. 111.

⁷⁸ *Ibid.*, p. 115.

⁷⁹ Note of Apr. 5, 1922; see telegram no. 96, Apr. 3, to the Ambassador in Great Britain, p. 271.

⁸⁰ See telegram no. 448, Aug. 4, 1921, to the Ambassador in Great Britain, *Foreign Relations*, 1921, vol. II, p. 106.

⁸¹ For draft mandates discussed in this note, see *ibid.*, vol. I, p. 121.

terms of the mandates themselves in their reference to the States, members of the League of Nations, and their nationals, should be altered. It will be sufficient to recite the terms of the above-mentioned articles in the proposed treaty, with the further undertaking that His Majesty's Government will guarantee to the United States and its nationals the same freedom from discrimination that the above-mentioned articles of the mandates give to the States, members of the League of Nations, and their nationals.

The treaty should contain a general provision that the United States and its nationals should have and enjoy the benefit of all the engagements of His Britannic Majesty, defined in the mandates, notwithstanding the fact that the United States is not a member of the League of Nations.

With respect to the matter of monopolistic concessions, my Government is gratified to note that His Majesty's Government has no intention of granting concessions having the character of a general monopoly in the territories in question, or of reserving such concessions to itself. My Government has carefully noted the considerations advanced in Your Lordship's note regarding the advisability, however, of reserving to the Mandatory the right (1) to create monopolies for purely fiscal purposes, in the interest of the mandated territories, in order that the Mandatory should provide the territories with the fiscal resources which seem best suited to local requirements, and (2) to develop such natural resources as can be employed in the public interest, as, for example, water-power, which could be utilized for the electrification of a railway or for lighting purposes.

In view of these considerations my Government is prepared to approve the insertion in the mandates, after the third paragraph of Article 7 of the British mandate for East Africa, and Article 6 of the mandates for Togoland and the Cameroons, of the following paragraph, with a few changes for the purpose of clarity, so that it will read as follows:

'Concessions having the character of a general monopoly shall not be granted. This provision does not affect the right of the Mandatory to create monopolies of a purely fiscal character in the interest of the territory under mandate and in order to provide the territory with fiscal resources which seem best suited to the local requirements; or, in certain cases, to carry out the development of natural resources either directly by the State or by a controlled agency, provided that there shall result therefrom no monopoly of the natural resources for the benefit of the Mandatory or its nationals, directly or indirectly, or any preferential advantage which shall be inconsistent with the economic, commercial and industrial equality hereinbefore guaranteed.'

The changes above suggested are assumed, from the tenor of Your Lordship's note, to be in accord with the intentions entertained by His Majesty's Government.

It is to be understood, of course, that the existing legal rights of American citizens or companies in British mandate territories are fully respected and safeguarded and that the treaty will contain a suitable provision to this effect.

(2) *Missionaries and religious freedom.*—My Government is pleased to note that the intent of the Government of the United States, in its suggestions on this subject, expressly to assure to American missionaries the right freely to exercise their vocation in

Togoland and in the Cameroons, is recognized, and that His Majesty's Government is disposed to give to the Government of the United States a similar guarantee, as to equality of treatment, as is suggested with respect to Article 6 of the mandates for Togoland and the Cameroons, and further that His Majesty's Government is prepared to provide that in the mandated territories missionaries shall have the right to acquire and possess property, to erect buildings for religious purposes and to open schools. Accordingly, His Majesty's Government has proposed that the text of Article 7 of the mandates for Togoland and the Cameroons should read as follows:

'Subject to the provisions of any local law for the maintenance of public order and public morals, the Mandatory shall insure in the territory freedom of conscience and the free exercise of all forms of worship, and shall allow all missionaries, nationals of any State member of the League of Nations, to enter into, travel and reside in the territory for the purpose of prosecuting their calling, to acquire and possess property, to erect buildings for religious purposes, and to open schools, provided that they conform to the local law.'

Upon the assumption that the treaty will contain an appropriate provision by which the engagements of His Britannic Majesty as defined in the mandate will run to the United States and its nationals, notwithstanding the fact that the United States is not a member of the League of Nations, this provision is acceptable to my Government with the following qualification. My Government suggests that the last clause of the proposed provision, 'provided that they conform to the local law', may be omitted, as it appears to be superfluous, the entire clause being qualified by the opening clause, 'Subject to the provisions of any local law for the maintenance of public order and public morals'. If it is intended, by the insertion of the additional clause, to give any broader application of the local law than is the purport of the opening clause, the addition would appear to be objectionable as the local law in this respect should appropriately be limited to the maintenance of public order and public morals.

(3) *Administrative unions, etc.*—It is noted that His Majesty's Government has no objection to the suggestion which has been made by my Government that there should be added to Article 9 of the mandates for Togoland and the Cameroons, the following words, corresponding to the provision of Article 10 of the British mandate for East Africa, to-wit: 'provided always that the measures adopted to that end do not infringe the provisions of this mandate'.

(4) *Modification of mandate.*—My Government has observed the statement of Your Lordship in your note of December 22, that it would be difficult to insert in the mandate itself a provision that the consent of the United States should be obtained before any alteration is made in the text of the mandate. My Government does not believe such an insertion to be necessary, in view of the fact, to which Your Lordship adverts, that there is nothing to prevent the Mandatory giving a separate undertaking to this effect. Such an undertaking may be embodied in the proposed treaty. It would not, however, be deemed by my Government to be sufficient to provide merely for consultation with the United States.

(5) *Extradition*.—It is assumed that His Majesty's Government will not object to a provision by which the extradition treaties between Great Britain and the United States, pending the making of special extradition agreements, shall apply to the mandated territories in question.

(6) The Japanese Government has agreed to furnish a duplicate, not a copy, of its annual report which is to be submitted to the League of Nations on the administration of mandate territories. A provision to this effect is incorporated in the treaty between the United States and Japan relating to the mandated islands in the Pacific north of the equator,⁴² and it is desired that a similar provision should be included in the treaty [*treaties?*] relating to the British mandates for East Africa, Togoland and the Cameroons.

It may be added that the references in this communication, as in my memorandum of August 24, 1921, are to the texts of the draft British mandates for East Africa and the British parts of Togoland and the Cameroons, in the forms in which these drafts were published by His Majesty's Government.

If His Majesty's Government is willing to meet the wishes of the United States with reference to the matters upon which concurrence has not already been indicated, the Government of the United States is prepared to enter immediately upon the negotiation of the necessary treaty.

I have the honor, etc."

HUGHES

800.01 M 31/125

The British Chargé (Chilton) to the Secretary of State

AIDE-MÉMOIRE

His Majesty's Chargé d'Affaires is informed that negotiations have been proceeding between the British, American and French Governments in regard to "B" mandates, namely, mandates for certain ex-German territory in Africa. His Majesty's Chargé d'Affaires is now instructed to submit to the Secretary of State the draft of a treaty to be concluded between Great Britain and the United States defining the position of the United States Government *vis-à-vis* these mandates.

The form of treaty has been drawn up on the model of the Japanese-American Treaty of February 11th, 1922, in regard to Yap,⁴² and every effort has been made therein to meet the wishes of the United States Government. One or two of the Articles call for a few words of comment. Article I is similar to Article I of the Yap Treaty, but the word "concurs" has been preferred as

⁴² *Post*, p. 600.

more accurate to the word "consents". The latter conveys the incorrect impression that the mandate could not issue without the participation of the United States. Articles 3, 4 and 5 are reproductions of Articles 2 (2), 2 (4), 2 (5) of the Yap Treaty respectively. Article 6 in regard to Extradition has been inserted in accordance with the paragraph numbered 5 in the note addressed by Mr. Harvey to Lord Curzon on April 5th last, No. 153.⁴³

His Majesty's Government consider it most desirable to reach an early and final settlement of these mandates and they hope to secure their formal adoption by the Council of the League at its next session on July 15th. It would be of great assistance if the concurrence of the United States Government in the terms of the mandates could be obtained before the meeting of the Council.

[Received June 29, 1922.]

[Enclosure 1]

*Draft Convention between the United States and Great Britain
Regarding East Africa*

WHEREAS by article 119 of the Treaty of Versailles Germany renounced in favour of the Principal Allied and Associated Powers all her rights and titles over her oversea possessions; and

WHEREAS by article 22 of the same instrument it was provided that certain territories, which as a result of the war had ceased to be under the sovereignty of the States which formerly governed them, should be placed under the mandate of another Power, and that the terms of the mandate should be explicitly defined in each case by the Council of the League of Nations; and

WHEREAS the Principal Allied and Associated Powers agreed that His Britannic Majesty should exercise the mandate for part of the former colony of German East Africa; and

WHEREAS the terms of the said mandate have been defined by the Council of the League of Nations as follows:

[Terms of Mandate.]

WHEREAS the United States of America by participating in the war against Germany contributed to her defeat and to the renunciation of her rights and titles over her oversea possessions, but has not ratified the Treaty of Versailles; and

WHEREAS the President of the United States is desirous of concurring in the British mandate for part of the former colony of German East Africa; and

⁴³ See telegram no. 97, Apr. 4, to the Ambassador in Great Britain, *supra*.

WHEREAS His Britannic Majesty as mandatory for part of the former colony of German East Africa is desirous of ensuring to the United States of America and its citizens the same rights in the said territory as they would enjoy if the United States were a Member of the League of Nations:

His Britannic Majesty and the President of the United States of America have decided to conclude a convention to this effect, and have nominated as their plenipotentiaries

Who
have agreed as follows:—

ARTICLE 1

Subject to the provisions of the present convention, the United States concurs in the British mandate for part of the former colony of German East Africa, hereinafter called the mandated territory, and in the British administration thereof pursuant to the terms of the said mandate.

ARTICLE 2

The United States and its nationals shall have and enjoy the benefit of all the engagements of His Britannic Majesty defined in the mandate, including therein equality as regards commercial opportunity, notwithstanding the fact that the United States is not a Member of the League of Nations.

ARTICLE 3

Vested American property rights in the mandated territory shall be respected and in no way impaired.

ARTICLE 4

A duplicate of the annual report to be made by the mandatory under article 11 of the mandate shall be furnished to the United States.

ARTICLE 5

Nothing contained in the present convention shall be affected by any modification which may be made in the terms of the mandate as recited above unless such modification shall have been assented to by the United States.

ARTICLE 6

The extradition treaties and conventions in force between the United States and the United Kingdom shall apply to the mandated territory.

ARTICLE 7

The present convention shall be ratified in accordance with the respective constitutional methods of the High Contracting Parties. The ratifications shall be exchanged in London as soon as practicable. It shall take effect on the date of the exchange of ratifications.

In witness whereof

Done in duplicate at, this . . . day of

[Enclosure 2]

Draft Mandate for East Africa

THE COUNCIL OF THE LEAGUE OF NATIONS:

WHEREAS by article 119 of the Treaty of Peace with Germany signed at Versailles on the 28th June, 1919, Germany renounced in favour of the Principal Allied and Associated Powers all her rights over her oversea possessions, including therein German East Africa; and whereas, in accordance with the treaty of the 11th June, 1891, between Her Britannic Majesty and His Majesty the King of Portugal, the River Rovuma is recognised as forming the northern boundary of the Portuguese possessions in East Africa from its mouth up to the confluence of the River M'Sinje; and

WHEREAS the Principal Allied and Associated Powers agreed that in accordance with article 22, Part 1 (Covenant of the League of Nations), of the said treaty a mandate should be conferred upon His Britannic Majesty to administer part of the former colony of German East Africa, and have proposed that the mandate should be formulated in the following terms; and

WHEREAS His Britannic Majesty has agreed to accept the mandate in respect of the said territory, and has undertaken to exercise it on behalf of the League of Nations in accordance with the following provisions:

Hereby approves the terms of the mandate as follows:—

ARTICLE 1

The territory over which a mandate is conferred upon His Britannic Majesty (hereinafter called the mandatory) comprises that part of the territory of the former colony of German East Africa situated to the east of the following line:—

From the point where the frontier between the Uganda Protectorate and German East Africa cuts the River Mavumba a straight line in a south-easterly direction to point 1640, about 15 kilom. south-south-west of Mount Gabiro;

Thence a straight line in a southerly direction to the north shore of Lake Mohazi, where it terminates at the confluence of a river situated about $2\frac{1}{2}$ kilom. west of the confluence of the River Msilala;

If the trace of the railway on the west of the River Kagera between Bugufi and Uganda approaches within 16 kilom. of the line defined above, the boundary will be carried to the west, following a minimum distance of 16 kilom. from the trace, without, however, passing to the west of the straight line joining the terminal point on Lake Mohazi and the top of Mount Kivisa (point 2100), situated on the Uganda-German East Africa frontier about 5 kilom. south-west of the point where the River Mavumba cuts this frontier;

Thence a line south-eastwards to meet the southern shore of Lake Mohazi;

Thence the watershed between the Taruka and the Mkarange and continuing southwards to the north-eastern end of Lake Mugesera;

Thence the median line of this lake and continuing southwards across Lake Sake to meet the Kagera;

Thence the course of the Kagera downstream to meet the western boundary of Bugufi;

Thence this boundary to its junction with the eastern boundary of Urundi;

Thence the eastern and southern boundary of Urundi to Lake Tanganyika.

The line described above is shown on the attached British 1: 1,00,000 map, G.S.G.S. 2932, sheet Ruanda and Urundi.

ARTICLE 2

Boundary Commissioners shall be appointed by His Britannic Majesty and His Majesty the King of the Belgians to trace on the spot the line described in article 1 above.

In case any dispute should arise in connection with the work of these Commissioners, the question shall be referred to the Council of the League of Nations, whose decision shall be final.

The final report by the Commissioners shall give the definite description of this boundary as it has been actually demarcated on the ground; the necessary maps shall be annexed thereto and signed by the Commissioners. The report, with its annexes, shall be made in triplicate; one copy shall be deposited in the archives of the League of Nations, one shall be kept by the Government of His Majesty the King of the Belgians, and one by the Government of His Britannic Majesty.

ARTICLE 3

The mandatory shall be responsible for the peace, order and good government of the territory, and shall undertake to promote to the

utmost the material and moral well-being and the social progress of its inhabitants. The mandatory shall have full powers of legislation and administration.

ARTICLE 4

The mandatory shall not establish any military or naval bases, nor erect any fortifications, nor organise any native military force in the territory except for local police purposes and for the defence of the territory.

ARTICLE 5

The mandatory—

- (i.) Shall provide for the eventual emancipation of all slaves, and for as speedy an elimination of domestic and other slavery as social conditions will allow;
- (ii.) Shall suppress all forms of slave trade;
- (iii.) Shall prohibit all forms of forced or compulsory labour, except for essential public works and services, and then only in return for adequate remuneration;
- (iv.) Shall protect the natives from abuse and measures of fraud and force by the careful supervision of labour contracts and the recruiting of labour;
- (v.) Shall exercise a strict control over the traffic in arms and ammunition and the sale of spirituous liquors.

ARTICLE 6

In the framing of laws relating to the holding or transfer of land the mandatory shall take into consideration native laws and customs, and shall respect the rights and safeguard the interests of the native population.

No native land may be transferred, except between natives, without the previous consent of the public authorities, and no legal rights over native land in favour of non-natives may be created except with the same consent.

The mandatory will promulgate strict regulations against usury.

ARTICLE 7

The mandatory shall secure to all nationals of States Members of the League of Nations the same rights as are enjoyed in the territory by his own nationals in respect to entry into and residence in the territory, the protection afforded to their person and property, the acquisition of property, movable and immovable, and the exercise of their profession or trade, subject only to the requirements of public order, and on condition of compliance with the local law.

Further, the mandatory shall ensure to all nationals of States Members of the League of Nations, on the same footing as to his own nationals, freedom of transit and navigation, and complete economic, commercial and industrial equality; provided that the mandatory shall be free to organise essential public works and services on such terms and conditions as he thinks just.

Concessions for the development of the natural resources of the territory shall be granted by the mandatory without distinction on grounds of nationality between the nationals of all States Members of the League of Nations, but on such conditions as will maintain intact the authority of the local Government.

Concessions having the character of a general monopoly shall not be granted. This provision does not affect the right of the mandatory to create monopolies of a purely fiscal character in the interest of the territory under mandate, and in order to provide the territory with fiscal resources which seem best suited to the local requirements; or, in certain cases, to carry out the development of natural resources, either directly by the State or by a controlled agency, provided that there shall result therefrom no monopoly of the natural resources for the benefit of the mandatory or his nationals, directly or indirectly, nor any preferential advantage which shall be inconsistent with the economic, commercial and industrial equality hereinbefore guaranteed.

The rights conferred by this Article extend equally to companies and associations organised in accordance with the law of any of the Members of the League of Nations, subject only to the requirements of public order, and on condition of compliance with the local law.

ARTICLE 8

Subject to the provisions of any local law for the maintenance of public order and public morals, the mandatory shall ensure to the territory freedom of conscience and the free exercise of all forms of worship, and shall, subject to such control as may be necessary for the maintenance of good government, allow all missionaries, nationals of any State Member of the League of Nations, to enter into, travel and reside in the territory for the purpose of prosecuting their calling, to acquire and possess property, to erect buildings for religious purposes and to open schools.

ARTICLE 9

The mandatory shall apply to the territory any general international conventions already existing, or which may be concluded hereafter, with the approval of the League of Nations respecting

the slave trade, the traffic in arms and ammunition, the liquor traffic, and the traffic in drugs, or relating to commercial equality, freedom of transit and navigation, aerial navigation, railways, postal, telegraphic, and wireless communication, and industrial, literary and artistic property.

The mandatory shall co-operate in the execution of any common policy adopted by the League of Nations for preventing and combating disease, including diseases of plants and animals.

ARTICLE 10

The mandatory shall be authorised to constitute the territory into a customs, fiscal and administrative union or federation, with the adjacent territories under his own sovereignty or control; provided always that the measures adopted to that end do not infringe the provisions of this mandate.

ARTICLE 11

The mandatory shall make to the Council of the League of Nations an annual report to the satisfaction of the Council, containing full information concerning the measures taken to apply the provisions of this mandate.

A copy of all laws and regulations made in the course of the year and affecting property, commerce, navigation or the moral and material well-being of the natives shall be annexed to this report.

ARTICLE 12

The consent of the Council of the League of Nations is required for any modification of the terms of this mandate.

ARTICLE 13

If any dispute whatever should arise between the Members of the League of Nations relating to the interpretation or application of this mandate, which cannot be settled by negotiations, this dispute shall be submitted to the Permanent Court of International Justice provided for by article 14 of the Covenant of the League of Nations.

States Members of the League of Nations may likewise bring any claims on behalf of their nationals for infractions of their rights under this mandate before the said court for decision.

The present copy shall be deposited in the archives of the League of Nations. Certified copies shall be forwarded by the Secretary-General of the League of Nations to all Members of the League.

Made at the day of

800.01 M 31/125

The Department of State to the British Embassy

MEMORANDUM

The Department of State has received the British Chargé d'Affaires' *Aide-Mémoire* with regard to the negotiations that have been carried on by the American, British, and French Governments, respecting the mandates for certain former German territory in Africa; and an accompanying draft treaty to be concluded between the United States and Great Britain, defining the position of the United States with respect to these mandates. It is stated that the draft has been drawn up after the model of the American-Japanese Treaty of February 11, 1922, relative to the mandate conferred on the Emperor of Japan over former German islands in the Pacific Ocean; that His Majesty's Government desires to reach a final settlement concerning the mandates for the territories in Africa; and that it would be of assistance if the concurrence of the Government of the United States in the terms of these mandates could be obtained before the meeting of the Council of the League of Nations, which is to be held on July 15.

The comments contained in His Majesty's Chargé d'Affaires' *Aide-Mémoire* with respect to the draft treaty have been examined, and it is deemed necessary to present a few observations with respect to questions raised by the draft concerning which it is believed there should be no difficulty in reaching an understanding. It is especially desired that the model of the Treaty with Japan should be followed as closely as possible.

It is suggested that it might be desirable to insert in the first paragraph of the preamble of the draft the date of the signing of the so-called Treaty of Versailles, since several treaties were signed when peace was concluded with Germany, and since it is merely by custom that the Treaty of Peace is called the Treaty of Versailles.

It is deemed desirable that following the second paragraph of the preamble there should be inserted a recital with respect to the Treaty concluded August 25, 1921, between the United States and Germany. The United States did not become a party to the Treaty of Versailles, but Germany has agreed to accord to the United States rights and benefits stipulated for the benefit of the United States in the Treaty of Versailles, including rights and benefits under Section 119 of that Treaty. A copy of the Treaty of August 25, 1921, is annexed to this memorandum.⁴⁵ A recital of the fact will doubtless not be objectionable to the British Government, and it is therefore suggested

⁴⁵ *Foreign Relations*, 1921, vol. II, p. 29.

that the following paragraph be inserted, which is in the same terms as the recital in the Treaty with Japan to which the British Chargé d'Affaires' *Aide-Mémoire* refers:

"Whereas the benefits accruing to the United States under the aforesaid Article 119 of the Treaty of Versailles were confirmed by the Treaty between the United States and Germany, signed on August 25, 1921, to restore friendly relations between the two nations."

As pointed out in the memorandum given by the American Embassy in London to the British Government on August 24, 1921,⁴⁰ the assent of the United States to the exercise of mandates over former possessions of Germany, is not, under the constitutional system of the United States, exclusively within the authority of the President, and it is necessary that such an assent should be given by an appropriate treaty. In view of the fact that the United States has not agreed that His Britannic Majesty should exercise a mandate over the former German Colony of East Africa, it is considered desirable to substitute for the third paragraph of the preamble the following:

"Whereas four of the Principal Allied and Associated Powers, to wit: the British Empire, France, Italy and Japan, agreed that His Britannic Majesty should exercise the mandate for part of the former Colony of German East Africa".

It is deemed advisable that, in reciting in the preamble of the proposed treaty the terms of the Mandate, only the articles of the Mandate should be inserted and not the preamble of the Mandate. This will avoid the inclusion of the recital in the Mandate that "the Principal Allied and Associated Powers agreed that a mandate should be conferred." This, as has already been pointed out, is not an accurate recital, as the United States has not so agreed.

Note has been taken of the observation in the Embassy's *Aide-Mémoire* with respect to the use of the word "concurs" in Article I of the draft Treaty. It is not disputed that the four Principal Allied and Associated Powers could have reached an agreement among themselves with respect to their interests in the former German territories, but they could not, as the Government of the United States has heretofore pointed out, by such agreement, without the consent of the United States, deal with the interests of the United States. It may also be pointed out that the Treaty between the United States and Japan, which uses the word "consents", the purposes of which are similar to those of the proposed treaty, has

⁴⁰ See telegram no. 448, Aug. 4, 1921, to the Ambassador in Great Britain, *ibid.*, p. 106.

been duly ratified by both countries, and the exchange of ratifications is about to take place. For this reason it is deemed to be desirable that the same expression should be used in the Treaty between the United States and Great Britain. The United States Government, however, does not desire to insist on a particular locution, especially as the expression "concurr" in the view of the United States is quite as expressive of the right of the United States as the word "consents." If, however, the word "concurr" is used in the Treaty, it must be with the distinct understanding that the United States completely reserves its position with respect to its relation to the former overseas territories of Germany as this position has been stated in its former communications to the British Government upon this subject.

The word "concurring" is found in the second paragraph of the preamble following the recitation of the terms of the mandate. Its use there would seem to be unnecessary. It is suggested that a substitution might be made for this paragraph and for the following paragraph of the preamble, and that without subsequent repetitions the general purpose of the treaty could be briefly and succinctly stated as is done in the Treaty with Japan. The following substitute paragraph is suggested:

"Whereas the Government of the United States and the Government of Great Britain desire to reach a definite understanding with regard to the rights of the two Governments and their respective nationals in the aforesaid former Colony of German East Africa."

With respect to Article 1 of the draft treaty the following is suggested as a more appropriate form:

"Subject to the provisions of the present Convention, the United States consents to (concurr in) the administration by His Britannic Majesty, pursuant to the aforesaid mandate of the former German territory, described in Article I of the Mandate."

The phrase "including therein equality as regards commercial opportunity" appearing in Article 2 would seem to be unnecessary in view of the fact that it is the purpose of the Article to place the United States and its nationals on a footing of equality generally as regards all rights and benefits defined by the Mandate with all members of the League of Nations and their nationals. It is suggested that the purposes of this Article might be fully and accurately expressed as follows:

"The United States and its nationals shall have and enjoy all the rights and benefits secured under the terms of Articles 3, 4, 5, 6, 7, 8, 9 and 10 of the mandate to members of the League of Nations and their nationals, notwithstanding the fact that the United States is not a member of the League of Nations."

With respect to the Mandate itself the following changes are proposed in Article 8:

(1) In line 2, the word "*in*" should be substituted for the word "*to*" so that it shall read:

"the mandatory shall insure in the territory freedom of conscience," et cetera.

(2) In lines 3 and 4 the words:

"Subject to such control as may be necessary for the maintenance of good government"

should be struck out. It would seem that a limitation in such broad and vague terms would cast a doubt on the efficacy of the entire Article. It should be noted that the opening clause:

"Subject to the provisions of any local law for the maintenance of public order and public morals,"

should be deemed to qualify the whole Article and is sufficient for the apparent purpose.

What has been said with respect to the Treaty and Mandate in the case of the British Mandate for East Africa, will apply *mutatis mutandis* to the Treaties and Mandates in the case of the British mandates of Togoland and the Cameroons.

WASHINGTON, July 8, 1922.

800.01 M 31/125 : Telegram

The Secretary of State to the Ambassador in Great Britain (Harvey)

WASHINGTON, July 10, 1922—5 p.m.

199. Reference my No. 198, July 8, 2 p. m.,⁴⁷ subject British mandate for East Africa. Following is text of proposed treaty concerning British part of former Colony of German East Africa. This text will apply *mutatis mutandis* in the case of the British mandates for Togoland and the Cameroons. Please note that in Article 2 of Treaties for Togoland and Cameroons, reference should be to Articles 2, 3, 4, 5, 6, 7, 8 and 9 of the respective mandates:

"Draft treaty with Great Britain. East Africa.

WHEREAS by article 119 of the Treaty of Peace signed at Versailles the 28th of June 1919, Germany renounced in favour of the Principal Allied and Associated Powers all her rights and titles over her overseas possessions; and

WHEREAS by article 22 of the same instrument it was provided that certain territories, which as a result of the war had ceased to be under

⁴⁷ Not printed; see memorandum of July 8 to the British Embassy, *supra*.

the sovereignty of the States which formerly governed them, should be placed under the mandate of another Power, and that the terms of the mandate should be explicitly defined in each case by the Council of the League of Nations; and

WHEREAS the benefits accruing to the United States under the aforesaid Article 119 of the Treaty of Versailles were confirmed by the Treaty between the United States and Germany, signed on August 25, 1921, to restore friendly relations between the two nations; and

WHEREAS four of the Principal Allied and Associated Powers, to wit: the British Empire, France, Italy and Japan, agreed that His Britannic Majesty should exercise the mandate for part of the former Colony of German East Africa; and

WHEREAS the terms of the said mandate have been defined by the Council of the League of Nations as follows:—

(Terms of Mandate except the preamble)

WHEREAS the United States of America by participating in the war against Germany contributed to her defeat and to the renunciation of her rights and titles over her oversea possessions, but has not ratified the Treaty of Versailles; and

WHEREAS the Government of the United States and the Government of Great Britain desire to reach a definite understanding with regard to the rights of the two Governments and their respective nationals in the aforesaid former Colony of German East Africa:

The President of the United States of America and His Britannic Majesty have decided to conclude a convention to this effect, and have nominated as their plenipotentiaries

Who have agreed as follows:—

ARTICLE 1

Subject to the provisions of the present Convention, the United States consents to (concurr in) the administration by His Britannic Majesty, pursuant to the aforesaid mandate of the former German territory, described in Article 1 of the Mandate.

ARTICLE 2

The United States and its nationals shall have and enjoy all the rights and benefits secured under the terms of Articles 3, 4, 5, 6, 7, 8, 9, and 10 of the mandate to members of the League of Nations and their nationals, notwithstanding the fact that the United States is not a member of the League of Nations.

ARTICLE 3

Vested American property rights in the mandated territory shall be respected and in no way impaired.

ARTICLE 4

A duplicate of the annual report to be made by the mandatory under article 11 of the mandate shall be furnished to the United States.

ARTICLE 5

Nothing contained in the present Convention shall be affected by any modification which may be made in the terms of the mandate as recited above unless such modification shall have been assented to by the United States.

ARTICLE 6

The extradition treaties and conventions in force between the United States and the United Kingdom shall apply to the mandated territory.

ARTICLE 7

The present Convention shall be ratified in accordance with the respective constitutional methods of the High Contracting Parties. The ratifications shall be exchanged in London as soon as practicable. It shall take effect on the date of the exchange of ratifications.

In witness whereof
Done in duplicate at, this . . . day of”.

HUGHES

800.01 M 31/132

The British Chargé (Chilton) to the Secretary of State

No. 554

His Britannic Majesty's Chargé d'Affaires presents his compliments to the Secretary of State and has the honour to inform him that he did not fail to communicate to His Majesty's Government the contents of the memorandum from the Secretary of State of the 8th instant respecting the mandates for certain former German territory in Africa.

Mr. Chilton is instructed to inform the Secretary of State that His Majesty's Government find it somewhat difficult to accept the American wording of the preamble of the treaty but Lord Balfour foresees no difficulty in finding ultimately a mutually satisfactory wording. The preamble is not, however, of immediate importance and can be left until the mandates have been issued by the Council of the League of Nations.

As regards the operative clauses of the treaty, His Majesty's Government accept the American texts for Article I and Article II with the addition at the end of Article I of the words "hereinafter called the mandated territory".

As regards the amendment of Article VIII of the mandate, His Majesty's Government are of opinion that their text has been misunderstood by the United States Government but in order to avoid a prolonged discussion have proposed to follow the text based on Article II (1) of the Yap Treaty:⁴⁸

⁴⁸ *Post*, p. 600.

"The Mandatory shall ensure in the territory complete freedom of conscience and free exercise of all forms of worship which are consonant with public order and morality.

"Missionaries who are nationals of States members of [the] League of Nations shall be free to enter the territory and to travel and reside therein, to acquire and possess property, to erect religious buildings and " shall have the right to exercise such control as may be necessary for the maintenance of public order and good government and to take all measures required for such control".

As this text has been accepted by the United States Government in the Yap Treaty there could presumably be no reasonable ground for refusing to accept it in the "B" mandates.

His Majesty's Chargé d'Affaires is instructed to add that Lord Balfour hopes to be able to inform other members of the Council of the League of Nations, which meets today, that Great Britain is at one with the United States of America upon all questions of importance affecting the administration of mandated territory in Africa and that there can, therefore, be no reason against the immediate issue of the mandate.

His Majesty's Acting Principal Secretary of State for Foreign Affairs is informing the French and Belgian Governments of the above.

WASHINGTON, July 17, 1922

800.01 M 31/132

The Secretary of State to the British Chargé (Chilton)

MEMORANDUM

The Secretary of State presents his compliments to the British Chargé d'Affaires and has the honor to acknowledge his memorandum of July 17, 1922, with reference to the proposed conventions and draft mandates for certain former German territories in Africa.

It is noted that His Majesty's Government accepts the suggestions of this Government with respect to Article 1 and Article 2 of the proposed treaty relating to British B mandates, and this Government has no objection to the addition at the end of Article 1 of the words "hereinafter called the mandated territory".

With respect to Article 8 of the British mandate for East Africa and Article 7 of the British mandates for Togoland and the Cameroons, His Majesty's Government proposes to substitute a wording similar to Article II (1) of the American Japanese Treaty of Feb-

* For phrase omitted in transmission, see paragraph 3 of British note of Sept. 30, *post*, p. 330.

ruary 11, 1922, relative to the mandate conferred on the Emperor of Japan over former German islands in the Pacific Ocean. The attention of His Majesty's Government should be called to the fact that in the quotation of Article II (1) of the American Japanese Treaty there are omitted from the fifth line of the second paragraph of the Article as quoted the words "to open schools" and it is assumed that the words "the mandatory" should be inserted in the same line before the words "shall have the right".

It will be noted, however, that the Article as suggested by His Majesty's Government, with the corrections indicated, contains a limiting clause which might be regarded as similar in effect to the phrase "subject to such control as may be necessary for the maintenance of good Government" which was suggested by His Majesty's Government for insertion in Article 8 of the East African mandate and Article 7 of the mandates for Togoland and the Cameroons and which this Government found it impossible to accept. The area of the territories in Central Africa and the conditions which exist and are likely to arise therein differ to such an extent from those of the islands in the Pacific north of the Equator that the Government of the United States, while willing to accept the wording proposed by His Majesty's Government for the B mandates, would be compelled to ask the insertion in the proposed treaty relating to those mandates of an Article which has been proposed for insertion into the conventions respecting the mandates for Palestine and for Syria and the Lebanon, namely, the following:⁵⁰

"Subject to the provisions of any local law for the maintenance of public order and public morals, the nationals of the United States will be permitted freely to establish and maintain educational, philanthropic, and religious institutions in the mandate territory, to receive voluntary applicants, and to teach in the English language."

It has already been suggested to the French Government that if the phrase "subject to the supervision which would be necessary for the maintenance of good administration" is retained in Article 7 of the French B mandates, the Government of the United States would consider it necessary that there should be inserted in the convention between the United States and France relative to those mandates the Article quoted above⁵¹ which was proposed for insertion into the conventions for Palestine and for Syria and the Lebanon. The importance of assurance for freedom to teach in English must be emphasized. It is considered necessary for the adequate protection of American educational, philanthropic and re-

⁵⁰ See memorandum of July 12 to the French Embassy, p. 127.

⁵¹ See telegram no. 222, July 13, to the Ambassador in France, p. 151.

ligious institutions throughout the Central African territories that such a provision should be embodied in the conventions relating to the French mandates for certain of those territories; and for this reason, it is anticipated that His Majesty's Government will have no objection to the inclusion of a similar provision in the conventions relating to the British B mandates.

WASHINGTON, *July 18, 1922.*

800.01 M 31/146

The British Ambassador (Geddes) to the Acting Secretary of State

No. 627

WASHINGTON, *August 14, 1922.*

MY DEAR MR. SECRETARY: With reference to our conversation of this morning on the subject of the use of the words "Concurs" and "Consents" in the Treaty between the United States of America and Great Britain respecting "B" Mandates, I have the honour to inform you that I agree to the use of the word "Consents" on the distinct understanding that its use will not prejudice the legal position of His Majesty's Government arising under various treaties with Germany.

Believe me [etc.]

A. C. GEDDES

867n.01/318

*The British Secretary of State for Foreign Affairs (Curzon) to the American Ambassador (Harvey)*⁵²

No. W 7965/1110/98

[LONDON,] *September 30, 1922.*

YOUR EXCELLENCY: In the last memorandum⁵³ from the State Department regarding the British mandates for the administration of certain ex-German territories in tropical Africa and the proposed treaties relative thereto, it was stated that the United States Government desired the insertion in the treaties of the following article:—

"Subject to the provisions of any local law for the maintenance of public order and public morals, the nationals of the United States will be permitted freely to establish and maintain educational, philanthropic and religious institutions in the mandate territory, to receive voluntary applicants and to teach in the English language."

2. The United States Government stated that they were willing to accept the wording proposed by His Majesty's Government for

⁵² Transmitted to the Department by the Ambassador in his despatch no. 1748, Oct. 11, p. 304.

⁵³ *Ante*, p. 328.

article 8 of the East African mandate and article 7 of the mandates for Togoland and the Cameroons. This wording was adapted from article 2 (1) of the American-Japanese treaty of the 11th February, 1922 relative to the mandate conferred on Japan in respect of the former German islands North of the Equator in the Pacific ocean.

3. The observations made in paragraph 3 of the American memorandum in regard to the wording of these articles of the mandates were evidently based on an imperfect text due, no doubt, to telegraphic errors. The text actually proposed by His Majesty's Government was as follows:—

“The mandatory shall ensure in the territory complete freedom of conscience and the free exercise of all forms of worship which are consonant with public order and morality. Missionaries who are nationals of States Members of the League shall be free to enter the territory and to travel and reside therein; to acquire and possess property, to erect religious buildings and to open schools throughout the territory, it being understood however, that the mandatory shall have the right to exercise such control as may be necessary for the maintenance of public order and good government and to take all measures required for such control.”

4. The United States Government explained that in proposing the insertion of the article mentioned in paragraph 1, they were actuated by consideration of the different conditions prevailing and likely to arise in Central Africa as compared with the islands under Japanese mandate, and by the presence in the article just quoted of a limiting clause which might be regarded as similar in effect to the phrase “subject to such control as may be necessary for the maintenance of good government,” which the United States Government had found it impossible to accept.

5. His Majesty's Government find it difficult to agree to the text of the article proposed by the United States Government. Article 2⁵⁴ of the tropical African mandates places upon the mandatory Power the responsibility for peace, order and good government, while the text of the suggested treaty article denies by implication to the Mandatory Power the right to subject religious, philanthropic and educational work to the control necessary for the maintenance of good government and thus, as regards these spheres of activity, divorces responsibility from power. His Majesty's Government have not the slightest intention to discriminate against United States nationals or institutions by subjecting their operations to restrictions not equally applicable to British nationals or institutions. They are of course anxious—and indeed they are bound

⁵⁴Numbered 2 in the draft mandates for Togoland and the Cameroons, and numbered 3 in the draft mandate for East Africa.

under the Mandates—to ensure to the utmost, not only the material but also the moral well-being and the social progress of the inhabitants of the mandated territories. The religious and social condition of parts of the tropical African mandated territories is however such that to allow free access to those parts to Christian missionaries would be fatal to the requirements of good government, even if not to those of public order. For instance, in the north of the Cameroons, as in the neighbouring British Protectorate of Nigeria, the native States are Moslem States, which, in the case of the Fulani States, owe their origin to a militant religious movement. Their law, their taxation and their social system are based on the Koran. The British policy has been and is to rule the country through the native administrations and to give these as much local autonomy as possible. To retain the confidence and good will of the native rulers is therefore essential and His Majesty's Government are satisfied that, in present conditions and for a good many years to come, to require the natives to admit against their will Christian missionaries and missionary schools whose object, whether avowed or not, would obviously be to subvert the Moslem religion, would be so resented by the natives and the Native Administrations that their confidence and good will would be no longer forthcoming; and the Mandatory Power would be unable in consequence to carry out its obligations under article 2⁵⁵ of the Mandates. His Majesty's Government hope therefore that the United States Government will not press their proposal.

6. His Majesty's Government are naturally quite willing that American missionaries should teach in the English language, and they are prepared to give a formal assurance to this effect so far as concerns the territories now in question, if value is attached to it. It would, however, seem unnecessary to do so by means of an article in the treaties and it may be observed that such an assurance relating to territory under British administration where the official language will be English would be of little value as a precedent affecting territories where the official language will be different.

7. As regards the preamble of the African treaties it would seem desirable for the sake of general uniformity that the wording should follow the same lines as the preamble of the treaty regarding the British mandate for Palestine. A separate note on the subject of this treaty is being addressed to the United States Government⁵⁶ in which the reasons are set forth which lead His Majesty's Government

⁵⁵ Numbered 2 in the draft mandates for Togoland and the Cameroons, and numbered 3 in the draft mandate for East Africa.

⁵⁶ Note of Oct. 2, p. 304

to suggest a text different from that which has been proposed by the United States Government. On the hypothesis of this new draft being accepted His Majesty's Government would propose for the preamble of the African treaties the following text, *mutatis mutandis*:—

Whereas for the purpose of giving effect to the provisions of article 22 of the Covenant of the League of Nations a mandate for the administration of part of the former colony of German East Africa has been entrusted to His Britannic Majesty, and

Whereas the terms of the mandate in respect of this territory have been defined by the Council of the League of Nations as follows:—

(Insert terms of mandate except the preamble)
and

Whereas His Britannic Majesty has accepted the mandate in the above terms in respect of the aforesaid territory and has undertaken to exercise it on behalf of the League of Nations: and

Whereas the Government of His Britannic Majesty and the Government of the United States of America are desirous of reaching a definite understanding as to the right of their respective Governments and of their nationals in the said territory:

His Britannic Majesty and the President of the United States of America have decided to conclude a Convention to this effect and have nominated as their plenipotentiaries who have agreed as follows:—

I have [etc.]

CURZON OF KEDLESTON

NEGOTIATIONS BY AMERICAN OIL COMPANIES FOR A SHARE WITH OTHER FOREIGN INTERESTS IN EXPLOITING THE MESOPOTAMIAN OIL FIELDS⁷¹

890g.6363 T 84/30

The British Ambassador (Geddes) to the Secretary of State

No. 99

WASHINGTON, 11 February, 1922.

MY DEAR MR. SECRETARY: My attention has been called to an article which appeared on Page 12 of the *International Petroleum Reporter* of the 25th January 1922 and which reads as follows:—

BRITISH GOVERNMENT HAS TURKISH CO. STOCK

Washington, Jan. 23, 1922.

"It will interest those who have given attention to the petroleum controversy between the United States and Great Britain, to know that the British one-quarter share in the Turkish Petroleum Co.,

⁷¹ For previous correspondence relating to petroleum exploitation in Mesopotamia, see *Foreign Relations*, 1921, vol. II, pp. 80 ff.

which claims prior rights to valuable concessions in Mesopotamia, is held by the Board of Trade of the British Government. The Board's investment is £40,000 in a total paid in capital of £160,000.

The first payment on the Government holding, which amounted to 50 per cent. or £20,000, was made in January, 1919, and the balance in subsequent payments the last of which was made in July, 1921.

British authorities have insisted their Government has no financial interest in the oil industry except in the Anglo-Persian Co.

The above is taken from an official British document, and is considered particularly significant in view of the fact that practically the entire dispute over Mesopotamia and her oil resources hinges around the Turkish concessions."

The suggestion in this article is that, apart from the shares which they own in the Anglo-Persian Oil Company (the circumstances of the acquisition and holding of which are already familiar to you), His Majesty's Government have an additional direct interest in the Turkish Petroleum Company to the extent of 25 per cent. of the stock of that concern, and that this alleged fact has influenced His Majesty's Government in giving support to the claim of the Turkish Petroleum Company to certain oil concessions in Mesopotamia.

In ordinary circumstances, I should not have considered it necessary to take any notice of such insinuations nor do I believe for a moment that the Government of the United States would attach any importance to them, but irresponsible statements of this character have given rise during the last few years to so many mischievous misapprehensions in the public mind in this country respecting the policy and actions of His Majesty's Government that it may be well to acquaint you with the true facts. I am authorized, therefore, by His Majesty's Principal Secretary of State for Foreign Affairs to inform you that in the year 1914, the stock of the Turkish Petroleum Company was distributed as follows:—

1. The d'Arcy Exploration Co. (a subsidiary of the Anglo-Persian Oil Company)	50%
2. The Anglo-Saxon Petroleum Co. (a subsidiary of the Royal Dutch Shell Co.)	25%
3. The Deutsche Bank (German)	25%
Total	100%

During the war, the twenty five per cent interest in the Turkish Petroleum Company held by the Deutsche Bank passed into the hands of the British Public Trustee as Custodian of Enemy Property in the same manner and for the same purposes as all other enemy property situated in the United Kingdom passed into the hands of that official or as enemy property situated in the United States passed into the hands of the American Alien Property Custodian. This twenty-five

per cent. interest now stands in the name of Sir H. Lamb,⁵⁸ the nominee of His Majesty's Government in much the same way and for the same purposes as enemy property in this country was and is vested in various Trust Companies formed by the Alien Property Custodian. It is to be transferred to French interests under the provisions of the San Remo Oil Agreement⁵⁹ with which you are familiar and there has never been any intention on the part of His Majesty's Government of holding it permanently.

Apart from that former German holding which, as I have said is to be handed over to the French, His Majesty's Government have no holding in the Turkish Petroleum Company nor in any other Petroleum Company whatever with the sole exception of the Anglo-Persian Oil Company.

Believe me [etc.]

A. C. GEDDES

890g.6363 T 84/30

The Acting Secretary of State to the British Ambassador (Geddes)

WASHINGTON, February 27, 1922.

EXCELLENCY: I have the honor to acknowledge the receipt of your note No. 99 of February 11, 1922, quoting an article which appeared in the *International Petroleum Reporter* of January 25, 1922, relating to the ownership of stock in the Turkish Petroleum Company. You state that in 1914 fifty per cent. of the stock of this Company was held by the D'Arcy Exploration Company, a subsidiary of the Anglo-Persian Oil Company, twenty-five per cent. by the Anglo-Saxon Petroleum Company, and twenty-five per cent. by the Deutsche Bank, that during the war the twenty-five per cent. interest held by the Deutsche Bank passed into the hands of the British Public Trustee as Custodian of Enemy Property, that this twenty-five per cent. interest now stands in the name of a nominee of the British Government, that it is to be transferred to French interests under the provisions of the San Remo Petroleum Agreement, and that there has never been any intention on the part of the British Government of holding this interest permanently.

It appears that a representative of the *International Petroleum Reporter* recently inspected at the Department of Commerce a White Paper, entitled "British Government Investments in Registered Companies," which by order of the House of Commons, November 10, 1921, has been printed and published. According to this document, the British Board of Trade had invested up to September 30,

⁵⁸ In a note from the British Embassy dated March 28, the name is corrected to "Mr. Launcelot Smith." (File no. 890g.6363 T 84/32.)

⁵⁹ *Foreign Relations*, 1920, vol. II, p. 655.

1921, the sum of £40,000 in shares of the Turkish Petroleum Company. It is reasonable to suppose that the article in question may have been based upon this information, and this Government, of course, is not responsible in any way for the version which appeared in the press.

I understand that a report of the Turkish Petroleum Company, issued as of December 20, 1921, contains information regarding the share holdings in the company. It occurs to me that you may wish in the light of this report to give me a further and perhaps more specific statement of the present situation. If you care to do this, I shall be glad to take whatever action may seem appropriate for the purpose of removing any public misapprehensions which may possibly have arisen.

I must add, however, that in the light of the correspondence which has been exchanged between our two Governments on the subject of equality of opportunity in the mandate territories,⁶⁰ and particularly the claims of the Turkish Petroleum Company in Mesopotamia, the meaning of your statement that the twenty-five per cent interest held by a nominee of the British Government is to be transferred to French interests under the San Remo Petroleum Agreement is not entirely clear. You have in mind, apparently, the provisions of that Agreement which, without mentioning the Turkish Petroleum Company, make certain references to Mesopotamian oil. As you are aware, however, the San Remo Petroleum Agreement has not been recognized by this Government as applicable to the disposition of economic opportunities in mandate territories.

Accept [etc.]

HENRY P. FLETCHER

890g.6363 T 84/36

The British Ambassador (Geddes) to the Secretary of State

No. 343

WASHINGTON, May 3, 1922.

SIR: In the note which the Acting Secretary of State was so good as to address to me on February 27th, in regard to an article which appeared in the *International Petroleum Reporter* of January 25th, 1922, relating to the ownership of stock in the Turkish Petroleum Company, Mr. Fletcher referred to the sum of £40,000 which the British Board of Trade had invested in this Company up to September 30th, 1921. I have the honour to inform you that this holding of His Majesty's Government in the Turkish Petroleum Company is a temporary one, representing, as explained in my previous note of February 11th, (No. 99), the twenty-five per cent ex-German

⁶⁰ See *Foreign Relations*, 1921, vol. II, pp. 106 ff.

share now standing in the name of a nominee of His Majesty's Government for ultimate transfer to French interests. It is represented by 40,000 shares of £1 each which are fully paid. I am prompted to repeat the above statement by a desire to dispel any possible misunderstanding on this particular point.

In the last paragraph of Mr. Fletcher's note referred to, reference was made by him to certain questions in connection with the mandate for Mesopotamia and the Turkish Petroleum Company. These questions are, I understand, being dealt with separately between the United States Ambassador in London and His Majesty's Principal Secretary of State for Foreign Affairs and His Majesty's Government feel that confusion might arise if they were to be discussed simultaneously between the State Department and this Embassy.

I have [etc.]

A. C. GEDDES

890g.6363 T 84/41 : Telegram

*The Acting Secretary of State to the Ambassador in Great Britain
(Harvey)*

[Paraphrase]

WASHINGTON, June 24, 1922—3 p. m.

185. On June 22 Bedford⁶¹ called at the Department on behalf of seven American oil companies which had conferred on June 20. In reply to his inquiry, the Department made a statement of its attitude toward negotiations between American and British interests on Mesopotamian oil. The following is the substance of the Department's statement.

In the correspondence on mandates this Government has contended and is contending for the broad principle of equality of commercial opportunity. The Mesopotamian oil question furnishes a test of the application of that principle. Any arrangement, therefore, which is not in agreement with that principle or which implies a repudiation of the view held by this Government that the Turkish Petroleum Co. has no valid concession in Mesopotamia, could not receive the approval of this Government. It is not the desire of the Department, however, to make difficulties or to prolong needlessly a diplomatic dispute or so to disregard the practical aspects of the situation as to prevent American enterprise from availing itself of the very opportunities which our diplomatic representations have striven to obtain.

⁶¹A. C. Bedford, chairman of the board of directors, Standard Oil Co. of New Jersey.

If, therefore, American and British interests should enter upon private negotiations on this subject, the Department has no objection, provided (1) that any reputable American company which is willing and ready to participate will not be excluded by the arrangements decided upon, and (2) that the legal validity of the claims of the Turkish Petroleum Co. will not be recognized except after an impartial and appropriate determination of the matter such as has been suggested by this Government.

As to the first condition named above, Bedford has given the Department to understand that all American companies likely to be interested are already included in the seven companies now concerned. As to the second condition, the Department has suggested that doubtless it would be possible at the proper time to obtain a new or confirmatory grant of a concession to the Turkish Petroleum Co. if that company is to be the basis of the proposed arrangement.

The above position is concurred in by Bedford, who stated that the American group would send a representative to London to confer with the British interests.

The Department has made no commitments further than that stated above. You are requested to try so far as possible discreetly and informally to follow the negotiations and to keep the Department informed, but you will not participate in the negotiations.

HARRISON

890g.6363 T 84/46

The Chairman of the Board of Directors, Standard Oil Company of New Jersey (A. C. Bedford) to the Secretary of State

NEW YORK, June 27, 1922.

[Received June 28.]

DEAR MR. SECRETARY: Referring to the conference I had with you on Thursday of last week with reference to Mesopotamia and the rights of the Turkish Petroleum Company, I beg to transmit herewith for the information of the Department, copy of the cablegram which I sent last night to Sir Charles Greenway of the Persian Oil Company, said cablegram having been agreed to at a meeting of the Executives of the several Companies held in my office yesterday afternoon.

As it is possible that the British Foreign Office may mention the matter to the American Ambassador in London, it has occurred to me that the Department might think it desirable to communicate the substance of the despatch above referred to, to the American Ambassador.

Respectfully yours,

A. C. BEDFORD

[Enclosure—Telegram]

The Chairman of the Board of Directors, Standard Oil Company of New Jersey (A. C. Bedford) to the Chairman of the Anglo-Persian Oil Company (Sir Charles Greenway)

[NEW YORK,] June 26, 1922—7 p. m.

Referring further your telegram June 8th have conferred with State Department and obtained its consent to discuss a practical basis of American participation provided:

First: That the principle of the open door already acquiesced in for mandated territories by the Allied Powers be maintained;

Second: that the Department does not withdraw its previously communicated views respecting validity of Turkish Petroleum Company's claims. Department has no objections however to use of Turkish Petroleum Company as a basis for working out some plan acceptable to all participants which later should be ratified or adopted by the Government ruling Mesopotamia which should possess sovereignty.

Third: that any arrangement of practical questions involved should be tentative and subject to acceptance by State Department after they have been advised as to its details. The seven American companies interested have considered views of State Department and questions concerning American participation and their views are that percentage you indicated to me would not be adequate from point of view of what would be an equitable proportion to allocate to American interests. If on foregoing information you feel that representative of American group should now visit London to discuss details with Turkish Petroleum Company such a representative will be selected and will probably be able to sail not later than July 8th. We await your further views by cable.

A. C. BEDFORD

800g.6363 T 84/43 : Telegram

The Ambassador in Great Britain (Harvey) to the Secretary of State

[Paraphrase]

LONDON, August 4, 1922—4 p. m.

[Received August 4—3:05 p. m.]

339. In the matter of participation in the Turkish Petroleum Co., I am informed by Teagle,⁶² who is returning to the United States tomorrow, that no agreement has been reached. . . . Pineau, chief of the French Government's petroleum department, and representing French interests, has unexpectedly displayed sympathy with

⁶² W. C. Teagle, president of the Standard Oil Co. of New Jersey.

the American view. Following a conversation which he had had with Poincaré,⁶⁴ Pineau presented Teagle with a memorandum and asked that it be brought informally, to your attention. The memorandum reads as follows:⁶⁵

"(1) The French Government are in accord with the American Government's position as to the open-door policy which they understand to be just and equal treatment for the nationals of all countries. Their understanding being that reciprocity of treatment will be accorded to French nationals in all other areas, therefore if the American Government is in accord with this [then] the French Government are entirely willing that the American group should have an equal participation with them in the development of the petroleum resources in the areas covered by the San Remo agreement.

"(2) The French Government desires the modification of the San Remo agreement so that the application of the special sovereignty of the local government of Iraq under the British mandate shall be accorded to the local government of Syria under French mandate."

Pineau stated also that the French Government's views as set forth in the above memorandum had been communicated to the British Government. Paragraph (2) above is to be explained by the fact that from all oil produced under the agreement the Government of Iraq may collect a royalty. It is the desire of the French, therefore, that the Syrian Government shall have a similar privilege of levying a small transit tax on Mosul oil passing through Syria to Alexandretta by the proposed pipe line.

After private discussions between the present partners in Turkish Petroleum it was decided to offer the American interests a 12% participation. Naturally the offer appeared entirely too low to Mr. Teagle and there was a rupture of official negotiations.

HARVEY

890g.6363 T 84/48

*Memorandum of Negotiations in London between American Oil Interests and the Turkish Petroleum Company*⁶⁶

[Extracts]

OPEN DOOR POLICY

The first three or four meetings were devoted entirely to a discussion of whether or not a formula could be arrived at to give full effect to our State Department's views as to the open door policy in Mesopotamia which would be acceptable to the present partners in

⁶⁴ Raymond Poincaré, French President of the Council and Minister of Foreign Affairs.

⁶⁵ The quotation which follows is not paraphrased.

⁶⁶ Left with the Department by Mr. Bedford, Aug. 16, 1922.

the T. P. Co., Limited. As a result of these discussions a memorandum was prepared, dated July 21st, copy of which, marked "Exhibit A", is annexed. This document was in the main drafted by me and discussed prior to its presentation to the partners in the T. P. Co., Limited, with Ambassador Harvey, who rendered me most valuable assistance by his suggestions and advice during my sojourn in London. This document is acceptable to the present partners in the T. P. Co., Limited, and I venture to express the hope that it may also be found acceptable to our State Department.

It was made perfectly clear to the partners in the T. P. Co., Limited, that the acceptance of this memorandum, or some other formula to give effect to the open door policy, must of necessity be obtained prior to any commitment on the part of the American group as to a participation in the T. P. Co., Limited.

[Annex—Exhibit A]

21 JULY, 1922.

The development of the Oil resources of Mesopotamia requires the installation of an extensive pipeline gathering and storage system, which can only be accomplished by enterprise of more than ordinary dimensions, and in order to bring together all interests so as to ensure the provision of ample capital and the most economic and efficient administration, the Turkish Petroleum Company was established. The participation in the Turkish Petroleum is now as follows:

Anglo-Persian Oil Co., Ltd.	50%
Shell	25%
French interest	25%

the capital of the Company being £160,000, fully subscribed and paid up.

It is now suggested that American interests join the Turkish Petroleum Company—with a participation of %—the shares being provided by the original holders in proportion to their holding, or by a proportionate increase of Capital.

To establish the open door policy for others desirous of developing in Mesopotamia, it is proposed that the following general principles be adopted:—

(1) That the royalties payable to the Iraq Government under the various concessions and rights held by the Turkish Petroleum Company, including the Petroleum Rights in Iraq acquired by them from the Bagdad and Anatolian Railways be agreed with the Iraq Government at the earliest possible date on the basis of a fixed and definite amount per ton of oil produced and saved.

(2) The Turkish Petroleum Company, Ltd., future operations in Iraq to be, *inter alia*, as follows:

a. Own and operate pipe line systems from the various fields to tidewater, either as a common carrier at published tariff rates, or else as a common buyer in the fields of crude oil.

b. Select for their own exploitation within two years from the date of the confirmation of the concessions by the Iraq Government a total not to exceed 12 blocks, the area of each block not to exceed 16 square miles.

c. The oil rights for the balance of the territory covered by the concessions, totalling some 150,000 square miles, to be opened for sub-lease to any responsible individual, firm or corporation who may be interested in developing oil production in Iraq.

d. Operate refineries to supply the internal consumption of Iraq and such other trade as the Company may decide.

The method of procedure in the granting of these sub-leases to be as follows:

(1) A standard form of sub-lease to be adopted and published, and all sub-leases to be made on the basis of this standard form. Such standard form to contain, in addition to the usual lease clauses, definite provisions for the starting of work or the payment of a uniform rate of rental by all sub-lessees.

(2) Each sub-lease to cover single areas of as nearly as possible 16 square miles.

(3) Prior to January 30th of each year until the entire area has been sub-divided notice to be given by publication in official Gazette of Iraq and in the leading oil trade papers in Holland, France, Great Britain and the United States of the particular district which has been sub-divided into blocks of as nearly as possible 16 square miles each. Each one of these blocks to be designated and individually numbered.

(4) One year after the publication of the particular district which has been sub-divided and is, therefore, open for leasing, a public auction shall be held in Bagdad and the various leases sold to the buyer who is prepared to pay to the Turkish Petroleum Co., Ltd., the highest royalty in crude oil.

(5) The Turkish Petroleum Co., Ltd., not to become a bidder for any of these sub-leases.

890g.6363 T 84/41a

The Secretary of State to the President of the Standard Oil Company of New Jersey (W. C. Teagle)

WASHINGTON, August 22, 1922.

SIR: In leaving with me on August 16th a copy of the confidential memorandum describing your negotiations at London to secure par-

ticipation of American petroleum interests in the development of the oil resources of Mesopotamia, you enquired whether the Department considered that American cooperation in this enterprise through the Turkish Petroleum Company on the terms outlined in your memorandum would be in conformity with the Open Door principle for which this Government has stood. You further informed me of your belief that the foreign interests now in the Turkish Petroleum Company, namely, the Anglo-Persian Oil Company, the Shell Company and the French group, would be willing to accord American interests a 20% share in the Turkish Petroleum Company and an equal voice with each of the other partners in the management and control of the Company.

In its support of the Open Door policy it is not this Government's desire to set up impractical and theoretical principles or to place obstacles in the way of the participation of American companies in foreign enterprise but rather to open to American companies the opportunity for such participation if they desire it. It rests chiefly with American commercial interests themselves, once the opportunity is offered, to determine the extent and terms of their participation and to decide whether, under existing circumstances, an adequate opportunity is offered.

From page 5 of your memorandum I have noted that in your discussions at London an endeavor was made to arrive at a formula which would give full effect to this Department's views as to the open door policy in Mesopotamia and that as a result a statement was prepared which is given on page 9 of your memorandum as Exhibit "A". From Exhibit "A" it would appear that the Turkish Petroleum Company, to justify the expenditure of the large sums which will be required in making available the oil resources of Mesopotamia through an elaborate pipe line system, contemplates retaining some actual oil bearing territory but it is apparently intended that the major portion of the fields should be open to the private initiative of all nationalities on equal terms by lease let through public bids. I assume that it is the intent of your proposal that a reasonable service charge for transportation will be made to such private oil producers.

I have also noted on page 10 of your memorandum that it is proposed that the shareholders in the Turkish Petroleum Company should agree:—

"1. That if necessary, the Articles of Incorporation of the Turkish Petroleum Company shall be amended to give full effect to the "open door" policy as set forth in the Memorandum dated 21st July, 1922.

"2. That all concessions now held or which may in the future be acquired shall be confirmed by the proper governmental authorities

and every possible step shall be taken to ensure that all concessions now held or to be acquired are absolutely valid before expenditure is incurred by the Turkish Petroleum Co. for drilling operations."

In reply to your specific inquiry whether the plan outlined in your memorandum, as I have summarized it above, is in conformity with the Open Door principle, I desire to state that if, as you have indicated to me, all interested American oil companies have been invited to participate and those companies which have expressed a wish to share in the development of Mesopotamian oil resources are represented in the proposed arrangement, if a fair and equitable share in this development is accorded to American interests, and if there is no attempt to establish a monopoly in favor of the Turkish Petroleum Company, or any other company or interests, the Department would not consider that the arrangement contemplated in Exhibit "A" (referred to as the Memorandum of July 21, 1922) is contrary to the spirit of the Open Door policy.

I would point out, however, that on page 1 of your memorandum it is indicated to be the intention of the present shareholders of the Turkish Petroleum Company to extend their operations to territory in the former Turkish Empire outside of Mesopotamia and to obligate participants in this Company to be interested in this area exclusively through the Turkish Petroleum Company. While American petroleum interests are at liberty to take such action as they may see fit to limit their activity throughout the Turkish Empire no such undertaking would affect the attitude of this Government in the future consideration of claims in this area or its support of American interests there and the Department will reserve its entire freedom of action in dealing with such a future contingency.

I would appreciate it if you would kindly bring this communication to the attention of the interested American companies for which, as I understand it, you have been authorized to act as spokesman.

I am [etc.]

CHARLES E. HUGHES

890g.6368 T 84/49

The President of the Standard Oil Company of New Jersey (W. C. Teagle) to the Acting Secretary of State

NEW YORK, August 25, 1922.

[Received August 26.]

SIR: I beg to acknowledge receipt of your letter of August 22nd, which I read at a meeting of representatives of the American companies comprising the group interested in the prospective oil development in Mesopotamia. On their behalf, I beg to express their

appreciation of the full and frank statement of the Department of State's views on this important matter, and to advise you that the group will at once proceed with its negotiations with the Turkish Petroleum Company Limited along the lines indicated in the memorandum which I left with you.

The representatives of the American group felt that in acknowledging receipt of your communication, I should again recall the verbal statement which I made to you when I had the pleasure of calling on you in Washington, at which time—in response to your inquiry—I stated that the seven companies constituting the American group were the ones who signed the original letter to you dated November 3rd, 1921,⁶⁸ being the only companies who as a result of the general meeting of oil companies called by Secretary Hoover and held in Washington, had expressed a desire to become interested in the oil development of Mesopotamia.

Yours very truly,

W. C. TEAGLE

767.68119/201 : Telegram

The Special Mission at Lausanne⁶⁹ to the Secretary of State

[Paraphrase]

LAUSANNE, November 26, 1922—11 a. m.

[Received November 26, 10:55 a. m.]

24. The Allies control the agenda and order of bringing up subjects for consideration and are manipulating this advantage. Questions relating to Mesopotamia are imminent and urgent. There is reason to believe that the policy of Great Britain, backed by the general attitude of the Conservatives in England, may be to seek withdrawal from Mesopotamia in return for advantages with respect to concessions, especially in the matter of petroleum. Instructions concerning definite arrangements are now lacking, but are necessary at once if we are to safeguard American interests adequately. We feel that with such instructions we might be able to give protection to American interests outside of Conference meetings instead of being placed in the position of entering a protest.

CHILD
GREW

⁶⁸ Not printed; for summary, see the Department's reply, dated Nov. 22, 1921, *Foreign Relations*, 1921, vol. II, p. 87.

⁶⁹ The Ambassador in Italy (Child) and the Minister in Switzerland (Grew) had been instructed to be present at Lausanne as observers during the sessions of the conference for negotiating peace between the Allies and Turkey.

890g.6363/156: Telegram

The Secretary of State to the Special Mission at Lausanne

[Extract—Paraphrase]

WASHINGTON, November 27, 1922—6 p. m

13. Mission's no. 24, of November 26, 11 a. m.

In view of the above, the position of the Department is in brief:

(1) That the American companies would receive Department's support in their efforts to obtain adequate participation in the development of Mesopotamia, if Mesopotamia, including the Mosul vilayet, remains under British mandate.

(2) That a new situation would be presented if the Mosul area reverts to Turkey. But it may be stated in general that the Department would refuse acquiescence in any monopolistic concession in the Mosul area resulting from a political trade. Any American companies desiring to obtain equal opportunity in territory which might revert to Turkey would receive appropriate support from the Department.

The position taken by the Department is that in view of American contribution to the common victory over the Central Powers, no discrimination can rightfully be made against us in any territory won by that victory. The United States claims equality in economic rights in territories under mandate. Moreover, the other powers may not rightfully secure for themselves a basis for discrimination against us by surrendering interests in territory in which we are entitled to economic equality with them.

If the Turkish authorities should wish to grant to non-Turkish interests a share in the development of economic enterprises, the Department expects American interests to have an opportunity to participate. The United States does not seek monopolistic concessions in Turkey. It expects only an equal opportunity for participation on terms fair alike to the United States, Turkey, and the other powers. Substance of this passage may, in your discretion, be communicated in informal conversation to the Turks and to the Allied delegates.

You should proceed openly and candidly, in view of the delicacy of oil questions, and in view of the danger that Turks may attempt to raise dissensions over oil among the powers represented at Lausanne. The United States has nothing to conceal. It is not seeking any secret arrangements for itself and does not expect any on the part of other governments.

Information concerning the latest developments regarding the Chester project will be furnished to you by Admiral Bristol.⁷⁰

HUGHES

890g.6363 T 84/62

The President of the Standard Oil Company of New Jersey (W. C. Teagle) to the Secretary of State

NEW YORK, December 13, 1922.

[Received December 14.]

MY DEAR MR. SECRETARY: We are in receipt today of a cablegram dated December 12th, from Mr. Montagu Piesse, our London representative, of which we beg to enclose herewith a copy.

This cablegram is self-explanatory, but we might mention that Gulbenkian is an Armenian, resident of Paris, who, we understand, was entitled to a 5% participation in the Turkish Petroleum Company under an agreement made between the Anglo-Persian Oil Company, Ltd. and the Anglo-Saxon Petroleum Company, and we also understand that he has some association with the Royal Dutch interests.

We have not yet presented this proposal to the American Group, preferring rather to first get the State Department's views. I am planning to be in Washington tomorrow and shall take the opportunity to see you and, if possible, obtain your views upon the points in the proposal which particularly concern the State Department.

In order to clarify our understanding of this proposal, we are telegraphing Mr. Piesse as follows:

"Referring your telegram December 12th, we assume that proviso which reads 'that State Department undertake not to question title of Turkish Petroleum Company' does not include the condition already imposed on American Group by State Department that Turkish Petroleum Company shall obtain ratification of its titles from Iraq or other Government concerned. Please confer with Anglo-Persian Oil Company Ltd. and telegraph me fully."

Very truly yours,

W. C. TEAGLE

⁷⁰ For papers relating to the Chester project, see pp. 966 ff.; Admiral Bristol, the High Commissioner in Turkey, had been instructed to be present at Lausanne "as associate observer during the time that his duties will permit him to be present at Lausanne." (File no. 767.68119P43/22a.)

[Enclosure—Telegram]

The London Representative of the Standard Oil Company of New Jersey (Montagu Piesse) to the President of the Company (W. C. Teagle)

LONDON, December 12, 1922.

Harrison reports following agreement has been reached today between the Anglo Persian Oil Co. Ltd., and Anglo Saxon subject to agreement by other parties interested that participation of Turks (Turkish?) Petroleum Company in the future shall be altered as follows Anglo Saxon 24% French 24% American 24% Anglo Persian Oil Co. Ltd. 24% Gulbenkian 4% last non-voting; that the Anglo Persian Oil Co. Ltd. in consideration of the reduction of its present holdings to 24% be given agreement by the Turks (Turkish?) Petroleum Company whereby Anglo Persian Oil Co. Ltd. to receive free of cost 10% of the crude oil produced from the concessions and deliverable to the Anglo Persian Oil Co. Ltd. free of charge into the main pipe-line at the field. Anglo Persian Oil Co. Ltd. to have the right have this oil transported through the pipe-line at cost price taking into account reasonable amortization also interest 6% per annum on the pipe lines net capital account from year to year. Your agreement to above can only be accepted subject to proviso that State Department will acknowledge above satisfying American claims to participation in oil resources of Iraq and that State Department undertake not to question title of Turks (Turkish?) Petroleum Company also that they advise promptly their representative at Lausanne of agreement reached. Harrison says above agreed with Anglo Saxon with utmost difficulty and trust to receive your prompt acceptance. He does not anticipate difficulty in getting acceptance of French and Gulbenkian. He asks that you get State Department through Lausanne to support strongly this arrangement to the exclusion of any other interests American or otherwise.

MONTAGU PIESSE

890g.6363 T 84/62

The Secretary of State to the President of the Standard Oil Company of New Jersey (W. C. Teagle)

WASHINGTON, December 15, 1922.

MY DEAR MR. TEAGLE: I have received your letter of December 13th enclosing a copy of a cablegram from your London representative and quoting your reply thereto in regard to certain proposals of the present partners in the Turkish Petroleum Company, Limited. I have noted your reference, in the telegram quoted in your letter, to this Department's attitude towards the claims of the Turk-

ish Petroleum Company, but in view of certain statements in your London representative's telegram of December 12th, I would again call your attention to this Government's correspondence with the British Government setting forth the Department's views as to the invalidity of concessions alleged to have been obtained in Mesopotamia by this Company.

From the memorandum of your London conversations, which you left with me some months ago and to which I referred in my letter of August 22nd, I understand that it is the view of the American group that all concessions now held, or which may be acquired in the future, by the Turkish Petroleum Company should be confirmed by the proper governmental authorities before any attempt is made at their development.

With respect to the statement in the telegram of your London representative as to the support of the proposed arrangement to the exclusion of other interests American or otherwise, permit me to say that such a suggestion is entirely inadmissible. I had understood that the proposed arrangement embraced all American companies which had expressed the desire to participate. As I said in my letter of August 22nd, it rests chiefly with American commercial interests themselves once the opportunity is offered through the application of the principle of the Open Door, to determine the extent and terms of their participation and to decide whether under existing circumstances an adequate opportunity is offered. This Department can never take the position that it will support at any time any arrangement to the exclusion of American interests. The Department's efforts are directed, as stated in my letters of August 22nd and December 2nd,⁷¹ to giving effect to the principle of the Open Door for American interests and not to the support of one American interest as against another or to the conclusion of any particular business arrangements. You will therefore understand that the Department cannot appropriately take the action suggested in your representative's telegram.

I am [etc.]

CHARLES E. HUGHES

890g.6363 T 84/69

The President of the Standard Oil Company of New Jersey (W. C. Teagle) to the Secretary of State

NEW YORK, December 22, 1922.

[Received December 26 (?).]

MY DEAR MR. SECRETARY: Acknowledging the receipt of your favor of the 21st instant,⁷¹ I beg to further confirm for your records the

⁷¹ Not printed.

text of a cablegram which my office sent over my signature to our London representative, Mr. Piesse, at 2:40 p. m. on December 15th, reading as follows:

"Referring to your telegram 12th this month and referring to your telegram 14th this month in conference today with Secretary of State, State Department reaffirms its position as being simply that of procuring Open Door for American enterprises, that is, an opportunity for Americans to deal with owners of rights whoever they may be on terms of equality with other nationals. Department will not intervene in manner or terms of dealing nor will it support any American Company or group of companies in preference to or in exclusion of any other American concerns. Before we discuss with American Group subject matters your telegrams above referred to and these views of State Department we suggest that you give above views of State Department to Anglo-Persian Oil Company Ltd. and advise me whether they are accepted as a modification of the terms stated in your telegram December 12th."

On the 18th instant I received a reply from Mr. Piesse to the last-quoted telegram, as follows:

"Referring to your telegram 15th this month party here says attitude of State Department is a general one and not clearly understood by him can you elaborate it and state effects of specific case Turks (Turkish?) Petroleum Company. Does State Department fully accept open door formula as agreed with you in July as satisfying claims of all American nationals other than those included in your group. Telegraph fully your views in time meeting of interested parties arranged for Wednesday."

On the 19th instant Mr. Wellman⁷³ read Mr. Piesse's telegram last quoted over the telephone to Mr. Dulles,⁷⁴ and also the proposed reply, with the suggestion that we would appreciate having the Department's criticism of our proposed reply before we should dispatch it. Later, on the afternoon of the 19th instant, Mr. Dulles called Mr. Wellman on the telephone and told him that he, Mr. Dulles, had conferred with you upon this reply and that in your opinion it fairly expressed the views of the Department. Thereupon the proposed reply was sent to Mr. Piesse in the same form in which it had been read to Mr. Dulles, which was as follows:

"Referring to your telegram 18th this month State Department's views are that concessions for oil in Mesopotamia claimed by Turkish Petroleum Company are invalid. It is view of American Group that concessions so claimed must be confirmed by Iraq or other Government concerned before any attempt is made at their development. In case of conflict of interest between American Group through

⁷³ Guy Wellman, associate general counsel of the Standard Oil Co. of New Jersey.

⁷⁴ Allen W. Dulles, Chief of the Division of Near Eastern Affairs, Department of State.

Turkish Petroleum Company possessing such confirmed titles and other American interests through so-called Chester or other claims State Department would remain neutral pending settlement of controversy by agreement or other procedure. If all Americans are united in a single claim which the State Department deems valid it would support such claim. Our American Group comprises all American oil companies now known to be potentially interested in Mesopotamia."

Respectfully yours,

W. C. TEAGLE

890g.6363 T 84/69

*The Secretary of State to the President of the Standard Oil Company
of New Jersey (W. C. Teagle)*

WASHINGTON, December 30, 1922.

MY DEAR MR. TEAGLE: I beg to acknowledge the receipt of your letter of the 22nd instant confirming an exchange of telegrams with your representative in London with regard to oil rights in Mesopotamia and the principle of the Open Door. I understand that Mr. Wellman has had telephone interviews with Mr. Dulles in which further inquiries have been made. Referring to these inquiries permit me to say:

The position of the Department has already been fully set forth and I do not see how it can be misunderstood.

This Government does not recognize the claim of the Turkish Petroleum Company to a concession in Mesopotamia as valid, and the reasons for this position have been set forth in our correspondence with the British Government. It has also been suggested that in case rights are asserted under this alleged concession, the Department would favor an appropriate arbitration of the merits of the question.

This Department cannot concern itself with any efforts that may be made to obtain a confirmation of the concession from any government competent to give such a confirmation. In case a confirming grant were made the Department's attitude with respect to it would be precisely the same as it would be in relation to any other grant. The grant might be contested or it might not be contested; it might have been validly made or there might be questions relating to its validity. If there were a contest or questions raised as to its validity, these, unless palpably without foundation, would of course have to be decided by some competent tribunal. The Department could not undertake to be that tribunal, and in case there were competing American interests and a claim urged on one side and denied on the other, the Department of course could not attempt

to take sides in favor of one American interest against another. This is familiar policy.

The effort of the Department is to maintain the Open Door and suitable opportunity for American enterprise. It is left to the American companies and individuals who are interested to take advantage of the opportunities that are offered and to promote their interests in any proper way. The Department is always willing and desirous of giving proper diplomatic support to American interests, but if there are questions underlying the title and competing American claims, you will readily understand that this Government cannot associate itself with one set of American claims as against another. In such matters it would desire a prompt and effective disposition of claims by competent tribunals.

Sincerely yours,

CHARLES E. HUGHES

DISCRIMINATION IN INDIA AGAINST AMERICAN OIL COMPANIES¹⁷

845.6363/15

The Standard Oil Company of New York to the Secretary of State

NEW YORK, *February 24, 1922.*

[Received February 28.]

SIR: From statements that have been published in the press, it would appear that a recent visitor to this country, who holds a high place in British oil circles, is endeavoring to create the impression that the British Government does not discriminate against other than British nationals in granting concessions for the production of crude petroleum.

We have laid before you from time to time as it came to us, evidence that the British Government follow a well defined policy of discrimination and that, insofar as India and Burma are concerned, this discriminatory policy has been in force for thirty-eight years.

In view of the statements that are now being made denying the existence of a policy of discrimination, we trust that you will not consider it out of place if we, in refutation of these statements, review our records of the discriminatory acts we have experienced at the instance of British officials, together with other direct evidence that has been reported to us by our representatives abroad.

On March 20th, 1902, the Colonial Oil Co. of New Jersey,—a subsidiary of the Standard Oil Co. (N. J.), applied to the Govern-

¹⁷ For previous correspondence relating to this subject, see *Foreign Relations*, 1921, vol. II, pp. 71 ff.

ment of Burma for a license to prospect for oil in Upper Burma. The application was made in due conformity with the local Government laws and requirements in that country relative to prospecting licenses. This application was refused on June 9th, 1902, by the local Government of Burma under instructions from the Viceroy of India, Lord Curzon, and no reason whatever was assigned for the refusal.

On June 13th, 1902, similar permission for a prospecting license was applied for on behalf of the Anglo-American Oil Company, Ltd., a British Corporation registered in 1888. In addition to making application for a license to prospect for oil, and without knowledge of any Government policy of discrimination, negotiations were entered into with native owners of freehold property for the development of their land. Prior to receipt of the official reply to the Anglo-American Oil Company's application, Mr. W. H. Libby, representing the Standard Oil Company, appealed to the Viceroy of India for favorable consideration of the application. Mr. Libby also invoked the aid of Gen. Patterson, then U. S. Consul General in India, in the presentation of the case to the Viceroy. In reply to a request made by Gen. Patterson for an interview with the Viceroy, the Hon. W. Lawrence, Private Secretary to the Viceroy, wrote under date of October 2nd, 1902, that he was directed to say:

"It is not desired by the Government of India to introduce any of the American Oil Companies, or their subsidiary companies, into Burma, and that an interview with the Viceroy would not be attended with any other result."

On October 2nd, 1902, the local Government of Burma issued an order prohibiting private owners of land in Upper Burma from disposing of their land to any party not first approved by the Government. This order was issued at the instance of the Government of India. On October 17th, 1902, the application of the Anglo-American Oil Company was refused by the Government of Burma, without any reason being assigned. Representations backed by the force of the U. S. Government through its Ambassador in London (who at that time was J. H. Choate) were then made to the British Government authorities in London. The British Foreign Office replied that the Government of India was not influenced in its decision by the fact that the applicant was an American Company; that the decision was given after due consideration had been paid to the special conditions of oil production in Burma, and after the Government's policy had been deliberately adopted. They claim that the Government of India being the sole proprietor of the mineral wealth of the country throughout the greater part of India, are

in a different position from that of most other Governments, and have, consequently, to exercise a large discriminatory power in dealing with applications for concessions.

We pass without comment the apparent contradiction between the British Foreign Office expressions, as per the foregoing, and the Viceroy of India's written statement to the U. S. Consul General at Calcutta, as quoted in the preceding part of this letter (Page 2—paragraph 2). It is also significant that the Government of Burma on October 2nd, 1902, prohibited by notification any native owner of freehold property from disposing of his land to any party not first approved by the Government.

Following these rebuffs, we abandoned for the time being, the idea of exploiting crude oil territory in Burma and decided to confine ourselves to the departments of manufacture and commerce. With this policy in view, we purchased adequate and well located land in the vicinity of Rangoon.

On February 27th, 1905, we applied for permission to erect tanks for the storage of oil in Burma, and on April 17th, 1905, we also made the customary local application for permission to construct a refinery. It was our intention to use these facilities for the storing and refining of crude oil to be purchased from the many large and small native producers. Both of these applications were refused May 22nd, 1905, without any reason being assigned. We appealed against this decision to the Government of India but our appeal was of no avail.

Subsequent to these protracted efforts to secure a foothold in Burma, we ascertained that long prior to the first application an edict, signed by Her Majesty, Queen Victoria, had been issued which debarred the entry into Burma of any concern in which John D. Rockefeller, or Pierpont Morgan were interested. We also ascertained that an agreement exists with the Burma Oil Co. which gives the Burma Oil Co. certain protection from foreign competition in the oil fields of Burma, and one of the provisions of that agreement is—that they undertake not to join their interests in Burma with any American Trust.

That such an edict and such an agreement are in effect is not only demonstrated by events, but evidence of it is also confirmed by our knowledge of a resolution of the Government of India, which reads as follows:

“No native well owner of the Burma Oil Fields shall sell, lease, transfer, mortgage, or assign any well or well sites to any foreign Company, Trust, or Corporation, without the approval of the Government of Burma under penalty of forfeiture and confiscation, and the Government of Burma shall refuse all applications for prospecting or refining from any concern connected with Pierpont Morgan, or John D. Rockefeller, or any Company connected thereto.”

We also have knowledge of a letter written by the Burma Oil Co. to Sir Hugh Barnes, Lieutenant Governor of Burma, in which they refer to an application from the Standard Oil Company of New York, and request that the Lieutenant Governor will forbid any footing to the Standard Oil Company of New York in Burma, on the strength of an arrangement between the Burma Oil Co. and the Home Government, whereby the Home Government undertake to protect the Burma Oil Co. from foreign invasion, especially from members of the American Trusts.

The Indian Government Gazette of March 6th, 1915, contains an account of an interrogation made by one of the Indian members of the Indian Council and the reply thereto by the Government Secretary. In reply to the request by Sir Fazulbhoy Currimbhoy that the Government lay on the table the papers in relation to the policy of the Government regarding concessions in respect of oil fields, the Hon. Mr. Clark said:

“The papers relating to the policy of the Government regarding concessions in respect of oil fields, are confidential, and I regret that they cannot therefore be laid on the table. Oil winning concessions are granted under the mining rules of India but petroleum is included in what is known as the reserved list of minerals, concessions for which, as being resources of national importance, are only granted to British subjects and to companies mainly British in constitution.”

Early in 1917, one of our representatives visited Sylhet, in Assam, India, and obtained an option expiring November 15th, 1917, to purchase or lease land and mineral rights from private owners of freehold property. It was discovered by our representative that in Sylhet most of the land had been settled under what is known as the “Permanent Settlement” tenure, and which conveyed absolute title to both the surface and under ground rights. On July 6th, 1917, our representative registered with the local authorities an agreement to lease the private property secured under the option referred to above, for the purpose of prospecting for oil. We were blocked in this effort to secure a foothold by a new regulation of the Government of India, No. 11917, dated October 6th, and published in the official *Assam Gazette* on October 24th, 1917. This regulation prohibits any owner from transferring his interests in a mine—which expression, it is notified, includes any mineral deposits, or land known or believed to contain a mineral deposit of commercial value. Thus—before the expiry date (November 15th) of our option on the Sylhet property the Government of India by its regulation No. 11917, stepped in to prevent the transfer to us of the petroleum or mining rights on that private property.

The form of prospecting license (received by us in April, 1921) issued by the Native State of Kashmir, situated on the northwest frontier of India, and which is subject to administrative direction and supervision of the Government of India—bears the following words:

“The licensees shall at all times during the said term remain or be British or State subjects, or a Company, or Corporation of British or State subjects. The Chairman, or President, or other persons occupying that or any other similar position (if any) and the Managing Director (if any) and the majority of the other Directors (if any) shall be British or State subjects.”

It also refers to a cardinal principle of the license as being:

“The licensees shall be and remain British or State subjects or a Company or Corporation of British or State subjects under British or State control.”

All of the regulations quoted and referred to in this letter are still in force.

We are of the opinion that the foregoing information exhibits in a most conclusive and convincing way the obvious determination of the British Government to confine all activity relative to the production and control of petroleum to its own nationals.

It has been suggested that the Standard Oil Company of New York might test the position again by making an application for a prospecting license. We would say that we stand ready to look over the ground and renew investigations just as soon as there is any convincing evidence that the official attitude has changed and the discriminatory regulations either withdrawn or modified.

We have [etc.]

STANDARD OIL COMPANY OF NEW YORK
C. F. MEYER, *Vice President*

845.6363/19

The British Ambassador (Geddes) to the Secretary of State™

No. 380

His Britannic Majesty's Ambassador presents his compliments to the Secretary of State and, with reference to a memorandum which Mr. Hughes was so good as to address to him on December 10th last,¹⁷ has the honour to state that His Majesty's Government inform him that the regulations governing the exploitation of oil in India and Burma are being collected for communication to the United States Government in compliance with their request.

¹⁷ Left with the Secretary of State by the British Ambassador on May 25, 1922.
¹⁸ *Foreign Relations*, 1921, vol. II, p. 78.

Sir Auckland Geddes is, however, instructed to state that His Majesty's Government do not consider that the request advanced by the United States Government for the communication of these regulations should be allowed any longer to delay the repudiation of the documents contained in Senate Document No. 272, Sixty-sixth Congress, Second Session,⁷⁸ to which reference was made in the memorandum communicated by His Majesty's Embassy on November 15th, 1921,⁷⁹ and which by their form and phraseology are clearly the fabrication of an ignorant forger.

WASHINGTON, *May 18, 1922.*

845.6363/19

The Secretary of State to the British Ambassador (Geddes)

The Secretary of State presents his compliments to His Excellency, the Ambassador of Great Britain, and has the honor to acknowledge the receipt of a memorandum dated May 18, 1922, in which the Ambassador renews the request contained in his memorandum dated November 15, 1921, that a statement should be published setting forth that certain observations included in Senate Document No. 272, 66th Congress, 2d Session, were erroneously made and are without foundation. The Ambassador states that his Government is collecting, for communication to this Government, copies of the relevant laws, ordinances and regulations which are now or have recently been in force in India relating to petroleum development. The British Government feels, however, that the request advanced by the United States Government for the communication of these regulations should not be allowed to delay the repudiation of the documents said to be contained in Senate Document No. 272, 66th Congress, 2d Session, to which reference was made in the memorandum communicated by the British Government on November 15, 1921, and which by their form and phraseology are said to be clearly the fabrication of an ignorant forger.

In reply, it should be observed that Senate Document No. 272, 66th Congress, 2d Session, to which the Ambassador refers, does not contain the documents alleged to be spurious, but refers to them as follows:

"American oil companies are expressly excluded from doing business in Burma by a proclamation signed by Queen Victoria and Lord

⁷⁸ See letter from the Acting Secretary of State to President Wilson, May 14, 1920, and its enclosure, *ibid.*, 1920, vol. I, p. 351.

⁷⁹ *Ibid.*, 1921, vol. II, p. 77.

Salisbury, Secretary of State for India, on September 24, 1884, and a blanket concession of ninety-nine years was given the Burma Oil Company (Ltd.) on August 23, 1885, protecting this Company from all foreign competition."

It is understood that the British Government states that the proclamation and concession to which reference was made are spurious.

Mr. Hughes begs to assure Sir Auckland Geddes of his entire willingness to issue a statement to this effect for the purpose of correcting any misapprehension which may have arisen from references to documents which the British Government declares not to be genuine. It is, however, to be noted that the significance of the documents, to which reference was made, lay merely in the support of the statement that American oil companies are expressly excluded from doing business in Burma. It is the understanding of the Secretary of State that that is still the fact. If this is a misunderstanding and it is the intention of the British Government, in desiring the correction, to call attention to the fact that no exclusion of American nationals or companies in India is intended, it would be particularly gratifying to the Secretary of State to be able to state that the regulations in practice in India have been, or that they may be so modified as to accord to American nationals and companies the same opportunity and treatment as those enjoyed by British nationals and companies. In this connection, it will be recalled that similar assurances, now carried out, were given by this Government with respect to foreign participation in petroleum development in the Philippines.

It is confidently believed that guarantees of reciprocal equality of treatment in the United States and in the British Empire with respect to this important resource would improve the commercial relations of the two countries and would provide further opportunities for the working out of cordial and mutual profitable co-operation between American and British interests.

The Secretary of State, while entirely willing to accept the statement of the British Government, and to make announcement to the effect that the documents above referred to are spurious, would not be able to make such an announcement with the implication that no exclusion of American nationals or companies in India is intended, unless the British Government is prepared to give an assurance to that effect; otherwise the repudiation of the documents must be accompanied with a statement, according to the information of the Secretary of State, that in fact American oil companies are excluded from doing business in Burma.

WASHINGTON, *June 10, 1922.*

OPPOSITION OF THE BRITISH GOVERNMENT TO THE GRANTING BY PORTUGAL OF CONCESSIONS TO AMERICAN COMPANIES FOR LANDING CABLES IN THE AZORES

811.7353b/82 : Telegram

*The Secretary of State to the Ambassador in Great Britain
(Harvey)*

WASHINGTON, June 23, 1922—6 p.m.

184. Department reliably informed that British Minister at Lisbon is actively opposing applications of Western Union Telegraph Company and Commercial Cable Company for concessions to land and operate cables at Azores.

It is source of keen disappointment to United States Government that British Government should oppose legitimate efforts of American cable companies to obtain in Azores cable facilities which are not exclusive and which would in no way interfere with the exercise by British cable companies of privileges similar to those sought by American companies. The Department cannot reconcile statements made in Foreign Office note of May 16 copy of which accompanied Embassy's No. 1315 of May 18 ^{79a} that British Government intended to continue practice of granting all possible facilities in British territory for development of international communications with opposition to development of communication facilities in Portuguese territory.

[Paraphrase.] If at the time you think it best to do so, when you communicate the above to the Foreign Office you may say that the Department has reason to think that with reference to the cutting and diverting of the cable formerly connecting the United States and Central Europe there may be a discussion on the Senate floor regarding opposition by the British Government to American concessions in the Azores and you may express the hope that the British Government will act promptly to discontinue opposition to American projects there and that discussion by the press and in the Senate may be averted. You are to press for a reply. [End paraphrase.]

HUGHES

811.7353b/82 : Telegram

The Secretary of State to the Portuguese Minister (Alte)^{79b}

WASHINGTON, June 23, 1922.

Department informed British Minister at Lisbon is opposing applications of Western Union Telegraph Company and Commercial

^{79a} Vol. I, p. 541.

^{79b} At Bar Harbor, Maine.

Cable Company for concessions to land and operate cables at Azores.

This Government is deeply interested in having favorable and prompt action taken on applications of American companies and would appreciate any action you can take to that end.

HUGHES

811.7353b/86: Telegram

The Portuguese Minister (Alte) to the Secretary of State

BAR HARBOR, June 24, 1922.

[Received 8:25 p.m.]

I did not fail to cable my Government the substance of your telegram of yesterday in respect to cable concessions in the Azores.

ALTE

811.7353b/88: Telegram

The Secretary of State to the Minister in Portugal (Dearing)

WASHINGTON, June 27, 1922—7 p.m.

47. Commercial Cable Company states Cortes is likely to adjourn early in July and that unless form of concession for its landing rights at Azores is placed before Cortes for ratification before it adjourns an indefinite delay will probably result.

Urgently request Portuguese Foreign Office to submit to the Company's representative a form of concession for the landing rights at the Azores which it desires and endeavor to have concession submitted to Cortes for ratification before it adjourns.

HUGHES

811.7353b/91: Telegram

The Ambassador in Great Britain (Harvey) to the Secretary of State

[Paraphrase]

LONDON, June 29, 1922—6 p.m.

[Received June 29—2:45 p.m.]

264. Your 184, June 23. The Foreign Office declares that it is fully aware of British Minister's activities at Lisbon in opposition to granting of concessions in the Azores to American companies for the landing and operation of cables, which concessions British companies already established there claim would cause harmful competition to

them. Intimation was given that the activities of the British Minister were in accordance with instructions. I am informed by the head of the American Division of the Foreign Office that as long as the American Government continues to refuse to grant an operating permit for the line from Brazil to Florida via Barbados^{79c} this attitude is likely to be maintained.

HARVEY

811.7353b/91: Telegram

The Secretary of State to the Ambassador in Great Britain (Harvey)

WASHINGTON, July 1, 1922—1 p.m.

192. Your 264, June 29, 6 p.m.

Department is surprised at answer of Foreign Office. No relation is perceived between efforts of American companies to obtain privileges of landing and operating cables in Azores and application of Western Union to land at Miami inasmuch as United States Government is withholding from American company privilege of establishing physical connection between United States and Foreign territory while British Government is seeking to interfere with freedom of action of Portuguese Government and is opposing efforts of American companies to obtain facilities in Portuguese territory.

Conditions on which United States Government is willing to grant license for landing at Miami have been made clear to all parties concerned and upon compliance with those conditions license will not be longer withheld. Conditions stated briefly are that British Western Telegraph Company, the associate of the American Western Union Telegraph Company in the Miami Barbados Brazil Line, shall effectively surrender its exclusive privileges in South America while similar waiver is made by the All America Cable Company. The British Company waives its exclusive or preferential privileges on East coast and the American company its similar privileges on the West coast. Furthermore, this Government is cooperating in effort of Western Telegraph Company to readjust its position in South America to the end that the license for landing at Miami may issue which further distinguishes attitude of United States Government in Miami matter from the attitude of British Government in Azores.

Communicate in sense of foregoing with Foreign Office and report fully by telegraph.

HUGHES

^{79c} For other correspondence concerning the controversy with the Western Union Telegraph Co., see vol. 1, pp. 518 ff.

811.7353b/98 : Telegram

The Ambassador in Great Britain (Harvey) to the Secretary of State

LONDON, July 3, 1922—6 p.m.

[Received July 3—2:52 p.m.]

270. Your 192, July 1, 3 [1] p.m. Foreign Office states it understands British Company has fulfilled conditions set down by the Department. It calls attention to the resolution adopted by the Western Telegraph Company, Limited (see my telegram 34 January 27, 6 p.m.)^{79d} and states that British Company has gone even farther having voluntarily approached South American Governments in connection with effecting waiver of its exclusive privileges. Foreign Office inquires what condition remains unfulfilled on the part of the British Company.

The head of the American Division of the Foreign Office states that the fact that the British concern claiming that its interests would be harmed by the granting of the American concessions in the Azores is the same company which is suffering through the refusal of the Department of State to grant landing permit at Miami has led the British Government to take especial note of its present objections. It is clear however that the opposition in Lisbon is not purely retaliative as he said plainly that even were the Miami permit granted it could not be guaranteed that this opposition would cease.

HARVEY

811.7353b/93 : Telegram

The Secretary of State to the Ambassador in Great Britain (Harvey)

WASHINGTON, July 17, 1922—4 p.m.

210. Your 270, July 3, 6 p.m.

Refusal of the landing of the Barbados-Miami Beach cable until certain conditions have been complied with is in accordance with a long established policy of this Government not to allow the landing and operation in the United States of a cable running from a country which denies similar privileges to American cable concerns. The monopolies enjoyed by the Western Telegraph Company on the east coast of South America, and the monopolies enjoyed by the All-America's Company on the west coast have their foundation in bilateral agreements which can only be canceled by the action of the two parties to each agreement. Resolution of Western Tele-

^{79d} Telegram no. 34 not printed; for Western Telegraph Company's resolution, see telegram no. 3, Feb. 4, to the Chargé in Argentina, vol. I, p. 518.

graph Company was in terms effective only when all South American Governments concerned acquiesced in waivers by Western Company and All Americas Company.

The granting of a license to the Western Union to land at Miami a cable to connect at Barbados with a cable of the Western Telegraph Company awaits an expression from the Argentine Government which can be regarded as acquiescence rendering effective the waiver of the Western Company. Last sentence your telegram confirms views expressed in Department's No. 192, July 1, that no relation exists between efforts American companies to obtain privileges in Azores and application of Western Union to land at Miami.

Department does not consider that possibility of American competition with British companies is acceptable reason for action of British Government in opposing application of American companies for privileges in Azores and can only regard attitude of British Government in matter as determination on its part to assist British companies to maintain control of cable facilities in Azores to exclusion of legitimate competition of American companies.

It is desired that you supplement the communications which you have heretofore been directed to address to the Foreign Office on the subject by communicating foregoing to Lord Balfour⁸⁰ personally, observing plainly that this Government cannot fail to be influenced by the feeling that the British Government is unwarranted in opposing legitimate efforts of American cable companies to obtain in Azores cable facilities which are not exclusive and which would in no way interfere with the exercise by British cable companies of privileges similar to those sought by American companies.

Please report whether you have communicated to Foreign Office the full contents of Department's 184 of June 23 and 192 of July 1.

HUGHES

841.73/32: Telegram

The Ambassador in Great Britain (Harvey) to the Secretary of State

[Extract]

LONDON, July 18, 1922—6 p.m.

[Received 7:37 p.m.]

301. . . .

With reference to your telegram 210, July 18 [17], 4 p.m. just received, I beg to report that your telegrams 184, June 23, 6 p.m. and 192, July 1, 1 p.m. were communicated to Foreign Office with

⁸⁰ British Acting Secretary of State for Foreign Affairs.

the exception of the closing paragraph of the former, communication of which was left to my discretion. It was thought wisest to hold this in reserve in view of the apparent misunderstanding that existed as to the real situation, the Foreign Office insisting that the conditions laid down in your 192 as prerequisite to the granting of landing permit at Miami had been long ago complied with. Your 210 seems to clarify matters and will be acted upon without delay.

HARVEY

811.7353b/105 : Telegram

The Ambassador in Great Britain (Harvey) to the Secretary of State

LONDON, August 3, 1922—1 p.m.

[Received August 3—12:25 p.m.]

333. My 301, July 18, 6 p.m. Mr. Frederick Kerr who represents Western Union Telegraph Co. at Lisbon informs me he knows that Foreign Office instructed British Minister at Lisbon to inform Portuguese Government it would be greatly to its disadvantage if it granted Azores permits. He believes Portuguese Government would welcome strong pressure from American Government to justify it in disregarding British pressure.

HARVEY

811.7353b W 52/22 : Telegram

The Minister in Portugal (Dearing) to the Secretary of State

LISBON, August 5, 1922—11 a.m.

[Received 5:30 p.m.]

66. Morning papers state Western Union concession approved late yesterday with some amendments.⁸¹ Will verify and report more fully. Please inform Carlton.⁸² London informed.

DEARING

811.7353b W 52/23 : Telegram

The Minister in Portugal (Dearing) to the Secretary of State

[Extract]

LISBON, August 5, 1922—2 p.m.

[Received 5:38 p.m.]

67. My telegram number 66 August 5, 11 a.m. Learn . . . reservation . . . provides all South American traffic shall pass through Saint Vincent in the Cape Verde Islands . . .

⁸¹ By Chamber of Deputies.

⁸² Newcomb Carlton, President of the Western Union Telegraph Co.

I shall make no protest until Department has consulted Western Union and instructed me. Endeavoring to secure printed text but may have to wait a few days.

Please instruct soonest possible. London informed.

DEARING

811.7353b W 52/25 : Telegram

The Minister in Portugal (Dearing) to the Secretary of State

LISBON, August 7, 1922—7 p.m.

[Received August 8—12:35 a.m.]

70. For your information. The following telegram was sent London today:

“Please suggest to Kerr advisability of having someone here to watch Western Union interests and work in conjunction with Legation. Foreign Office informs me concession yet to be passed on by the Senate.”

DEARING

811.7353b W 52/23 : Telegram

The Secretary of State to the Ambassador in Great Britain (Harvey)

WASHINGTON, August 8, 1922—4 p.m.

241. Your 333, August 3, 1 p.m.

Department has received Lisbon's Nos. 66 and 67, August 5, repeated to you. Department has informed Western Union of report and has requested Company's comment. Department considers unjustified action of British Government in pressing and of Portugal Government in imposing such restriction on American company. Will keep you advised.

HUGHES

811.7353b W 52/23 : Telegram

The Secretary of State to the Minister in Portugal (Dearing)

WASHINGTON, August 8, 1922—4 p.m.

56. Your 67, August 5, 2 p.m.

Please say to Portuguese Foreign Office that Government of United States most earnestly urges that Portuguese Government should not discriminate against American companies or subject them to injurious restrictions in the operation of cables which the amendment said to have been made to the Western Union concession would entail. Inquire whether the report is true.

For your information. Western Union states it has received no report of amendment and will not accept license containing such a condition.

HUGHES

811.7353b W 52/26 : Telegram

The Ambassador in Great Britain (Harvey) to the Secretary of State

LONDON, August 9, 1922—6 p.m.

[Received August 9—4:25 p.m.]

348. Your 241 August 8, 4 p.m. Mr. Frederick Kerr representative in Portugal of Western Union who is now here states that a proviso in landing license, such as has been reported by the Legation at Lisbon, that South American traffic should go via Saint Vincent would render license useless to his company and has instructed his agent at Lisbon not to sign any contract containing such a clause as it would put eastern company in a position of getting all traffic from Europe to South America while being under no obligation to give Western Union any traffic in reverse direction.

HARVEY

811.7353b W 52/27 : Telegram

The Minister in Portugal (Dearing) to the Secretary of State

LISBON, August 10, 1922—1 p.m.

[Received 6:42 p.m.]

72. Refer to my telegram number 67 August 5, 2 p.m. Minister for Foreign Affairs sends me text of Western Union bill as approved by Chamber of Deputies containing amendment inserted as extra paragraph article 1, reading as follows: "Telegrams transmitted over any one of the sections of the cable or cables of the concessionaire and destined to South America may only proceed to destination by the way of Cape Verde Islands."

Please give me Western Union reason [*reaction?*] and any instructions deemed necessary soonest possible. Barest chance exists to secure elimination amendment if action taken before Senate acts. London informed. General situation still much disturbed.

DEARING

811.7353b W 52/25 : Telegram

The Secretary of State to the Minister in Portugal (Dearing)

WASHINGTON, August 11, 1922—5 p. m.

57. Your No. 70 August 7, 7 p.m. and 72 August 10, 1 p.m.

Western Union here advises Department London office reports Kerr has telegraphed his representative to return to Lisbon and confer with you and has directed him to withhold signature from any document containing proviso, to inform Portuguese Government that proviso renders the license useless to the company and to endeavor to have the amendment deleted before Parliament rises.

Department understands company's representative has been instructed to endeavor to have amendment deleted before action taken by Senate. Render all appropriate assistance to have objectionable features removed and to have concession granted without injurious restrictions.

Continue efforts on behalf Commercial Company, informing Portuguese authorities that this Government desires that there be no discrimination against American cable companies in favor of cable companies of other nationality and likewise that there be no discrimination as between American companies.

Please inquire of Foreign Office reason why Portugal imposes these restrictive terms on American company and insist on answer.

For use in course of your further efforts Department observes that it seems obvious that in inserting in concession condition quoted your 72 August 10th Portugal is yielding to British influence exerted in opposition to American interests because it secures to British cables all traffic of European origin transiting Azores to South America and renders cables extending from Azores to Continent mere feeders of British cables so far as South American business is concerned giving British interests benefits of cables going to Continent without any investment in them. United States Government hopes and feels confident that upon realization real significance and effect proposed condition, Portuguese Government will promptly delete it and will discontinue attempt to impose on American companies such restrictive discriminatory and injurious terms in favor of British interests. Operation of American cables on such terms or refusal of American companies to accept licenses containing such conditions would inevitably result in diversion to North Atlantic cables, with consequent loss of revenue to Portugal, of traffic which would otherwise transit Azores.

HUGHES

811.7353b/98 : Telegram

*The Secretary of State to the Ambassador in Great Britain
(Harvey)*⁸³

WASHINGTON, August 18, 1922—5 p.m.

256. Your telegrams 301 July 18, 6 p.m. and 329 August 1, 4 p.m.⁸⁴

On August 12 the President authorized the Western Union Company to operate its Miami cable for European business. Recent reports from Ambassador Riddle afford reason to expect that communication will soon be received from Argentine Government which will enable Department make definite recommendations to the President regarding issuance license for South American Traffic.

Department informed British cable company operating cable from Azores to England refused to accept at Azores from Commercial Cable Company traffic for England, France and Northern Europe, reason assigned for refusal being efforts of Commercial Company to secure licenses in Azores.

Article 41 of International Telegraph Convention⁸⁵ obligates signatory States to require cable companies to respect routing directions of cablegrams. Condition which Portuguese Government is inserting in proposed concession to Western Union would constitute violation of this requirement, Portugal being party to Convention.

At meeting of delegates to Communications Conference held at Department on March 9 [6?], 1922 attended by Brown of British Post Office Department, proposal was made in relation to plan for distribution of German cables that inasmuch as cable service to Northern Europe through Azores enjoyed by United States prior to the war was not being restored by the proposed settlement, the countries represented at the conference should urge Portugal to grant concessions for landing and operation at Azores of cables between America and Europe on reasonable and uniform terms. Agreement allocation of German cables has not yet been reached.

It appears from the foregoing that the British cable companies are declining to cooperate with American companies to relieve congestion in cable traffic resulting from interruption of North Atlantic cables; are pressing Portuguese Government to take action which places it in violation of international obligations and are disregarding and attempting to defeat a proposal which is an essential factor in negotiations which are under way among interested governments of plan for allocation of former German cables, a

⁸³ See penultimate paragraph for instructions to repeat to Dearing.

⁸⁴ Latter not printed.

⁸⁵ For text of convention, see P. E. D. Nagle, *International Communications and the International Telegraph Convention* (St. Petersburg, 1875, Lisbon, 1908), Department of Commerce, Miscellaneous Series No. 121, p. 23.

matter of serious international concern. It seems incredible that British Government should continue to support British cable companies in attitude entailing such consequences.

Please use foregoing in conversation with Lord Balfour. Repeat to Dearing for his information.

Telegraph whether Brown of Post Office Department is now in London.

HUGHES

811.7353b/122

The Ambassador in Great Britain (Harvey) to the Secretary of State

No. 1631

LONDON, August 19, 1922.

[Received September 1.]

SIR: I have the honor to inform the Department that, after several oral representations had been made to the Foreign Office, based on the Department's cable instructions regarding the British opposition to the applications of the Western Union Telegraph Company and the Commercial Telegraph Company for concessions to land and operate cables at the Azores, it was considered desirable, and the tenor of the Department's instructions indicated that it was expected, that a formal note on the subject be filed with the British Foreign Office.

Such a note was drawn up and submitted to the Foreign Office on July 24th, and supplemented by a personal letter from the Ambassador to Lord Balfour embodying a portion of the Department's cable instruction No. 210, of July 17, 4 p.m., 1922. Copies of both communications are appended hereto.

Formal acknowledgment of the receipt of these communications was duly made by the Foreign Office (see Telegram No. 329 of August 1, 4 p.m.⁸⁰), and today the definite answer has been received, a copy of which likewise is attached hereto. Briefly summarized, the British note justifies the British opposition, which it admits, to our interests in the Azores upon the ground that the establishment in those islands of the American cable companies concerned would, through consequent competition, further financially harm the British cable company which has already suffered heavy financial loss through the refusal of the Department to allow the landing at Miami of a cable in which it holds part interest. It is explained that the opposition, however, has for its object the securing to the British company of the South American traffic. The British Government

⁸⁰ Not printed.

professes to believe that, irrespective of the position taken by the Argentine Government, the requirements set down by the Department regarding the mutual waiver of the exclusive rights held in South America by the American and British cable companies have been fulfilled.

The further points discussed in the note apply more especially to matters hitherto handled at Washington.

I have [etc.]

For the Ambassador:

POST WHEELER
Counselor of Embassy

[Enclosure 1]

The American Ambassador (Harvey) to the British Acting Secretary of State for Foreign Affairs (Balfour)

No. 313

LONDON, July 24, 1922.

MY LORD: I have the honor to advert to this Embassy's recent representations orally made to the Foreign Office with respect to information received by my Government to the effect that the British Minister at Lisbon has lent active opposition to the applications of the Western Union Telegraph Company and the Commercial Cable Company for concessions to land and operate cables in the Azores.

As was stated to the Chief of the American Department at the time the above referred to representations were made, it is a source of keen disappointment to my Government that the British Government should oppose the legitimate efforts of American cable companies to obtain in the Azores cable facilities which are not exclusive and which would in no way interfere with the exercise by British cable companies of privileges similar to those sought by the American companies. My Government cannot reconcile the statements made in the Foreign Office's Note A 3166/248/45, of May 16th, 1922,⁸⁷ that the British Government intended to continue the practice of granting all possible facilities in British territory for the development of international communications, with opposition to the development of communication facilities in Portuguese territory.

In answer to the oral representations referred to, the Chief of the American Department of the Foreign Office did not disavow the acts of the British Minister at Lisbon, but stated that a British cable company now operating at the Azores had complained that the introduction of the American companies named would create harmful

⁸⁷ Vol. I, p. 541.

competition, and that the British Government had been disposed to heed this protest because the company making it was the same which was suffering great financial inconvenience through the failure of the Department of State at Washington to grant it the necessary permit to land its cable at Miami, Florida. In reply it was pointed out that my Government could perceive no relation between the efforts of the American companies to obtain privileges of landing and operating cables in the Azores and the application of the Western Union to land at Miami, inasmuch as the United States Government is withholding from an American company the privilege of establishing physical connection between the United States and foreign territory, while the British Government is seeking to interfere with the freedom of action of the Portuguese Government and is opposing efforts of American companies to obtain facilities in Portuguese territory.

The conditions on which the United States Government is willing to grant license for landing at Miami have been made clear to all parties concerned, and upon compliance with these conditions the license will be no longer withheld. These conditions, stated briefly, are: that the British Western Telegraph Company, the associate of the American Western Union Telegraph Company in the Miami-Barbados-Brazil Line, shall effectively surrender its exclusive privileges in South America, while a similar waiver is made by the All America Cable Company, the British Company waiving its exclusive or preferential privileges on the east coast and the American company its similar privileges on the west coast. It was further pointed out that the United States Government is cooperating in the effort of the Western Telegraph Company to readjust its position in South America to the end that the license for landing at Miami may issue, which further distinguished the attitude of the United States Government in the Miami matter from the attitude of the British Government in the Azores.

However, it was the opinion of the Chief of the American Department of the Foreign Office that the British Company referred to by the Department of State had fulfilled its part of the undertaking set up by the United States Government as prerequisite to the granting of the landing permit at Miami, and that, therefore, further delay in granting this permit was deemed unwarranted. The assurance was not given, however, that the granting of this permit to land at Miami would result in a cessation of the opposition to the acquisition of the concessions desired by the American companies in the Azores, notwithstanding the fact that the position of the United States Government with respect to the Miami cable was cited as a contributory cause of the opposition at Lisbon. As further indicating the attitude of Your Lordship's Government in

On this matter I observe in your Note to me of July 17, 1922, (No. A 1262/3875/45) ⁸⁸ the statement (made in another connection) that 'The British postal authorities, however, are not inclined to go out of their way to assist in promoting competition with the Eastern and Associated companies' route between Europe and South America so long as the United States Government withholds permission for the working of the Maranhão-Barbados-Miami cable'.

I am now instructed, therefore, to communicate to Your Lordship, with reference to the foregoing, that the refusal of the landing of the Barbados-Miami Beach Cable until certain conditions have been complied with is in accordance with a long established policy of the United States Government not to allow the landing and operation in the United States of a cable running from a country which denies similar privileges to American cable concerns. The monopolies enjoyed by the Western Telegraph Company on the east coast of South America and the monopolies enjoyed by the All America Company on the West Coast have their foundation in bilateral agreements which can only be canceled by the action of the two parties to each agreement. The resolution of the Western Telegraph Company (to which the Chief of the American Department adverted as constituting evidence of the fulfillment by the British Company of its part of the waiving of these privileges) was in terms effective only when all South American Governments concerned acquiesced in the waivers by the Western Company and the All America Company.

The granting of a license to the Western Union to land at Miami cable to connect at Barbados with a cable of the Western Union Telegraph Company awaits an expression from the Argentine Government which can be regarded as acquiescing in rendering effective the waivers of the Western Company. My Government does not consider that the possibility of American competition with British companies is an acceptable reason for the action of the British Government in opposing the applications of American companies for privileges in the Azores.

In presenting this matter anew to Your Lordship, I am instructed to state that my Government cannot fail to be influenced by the feeling that the British Government is unwarranted in opposing the legitimate efforts of American cable companies to obtain in the Azores cable facilities which would in no way interfere with the exercise by British cable companies of privileges similar to those sought by the American cable companies.

I have [etc.]

For the Ambassador:

POST WHEELER

Counselor of Embassy

⁸⁸ Not printed.

[Enclosure 2]

The American Ambassador (Harvey) to the British Acting Secretary of State for Foreign Affairs (Balfour)

LONDON, July 25, 1922.

MY DEAR LORD BALFOUR: With all my hesitation to infringe upon your time, which I appreciate is at present over-filled, I feel that I should be doing less than my Government would desire of me if I did not ask your personal attention to my note No. 313 of yesterday, with reference to the Embassy's recent representations with respect to the cable situation in the Azores.

I am deeply concerned over the reflection that the attitude of the British Government, in opposing the application of American companies for privileges there, must inevitably be construed by my Government as a determination to assist British companies to maintain control of cable facilities in the Azores to the exclusion of legitimate competition of American companies.

I am [etc.]

GEORGE HARVEY

[Enclosure 3]

The British Secretary of State for Foreign Affairs (Curzon) to the American Ambassador (Harvey)

No. A 5216/116/45.

[LONDON.] 18 August, 1922.

YOUR EXCELLENCY: In a note of the 24th ultimo, you inform me that the conditions on which the United States Government is willing to grant license for landing at Miami have been made clear to all parties concerned. I have the honour to state, however, that His Majesty's Government have never received from the United States Government a copy of those conditions although the line of cables terminating at Miami is partly owned by a British company. The information with regard to the matter so far as it is in the possession of His Majesty's Government is as follows:—

2. The (British) Western Telegraph Company has for some time past enjoyed certain exclusive rights in Brazil, which have been upheld by the Brazilian courts when challenged by other parties. The Western Union Company desiring to meet the demand in the United States for direct cable connection between the United States and Brazil concluded an eminently proper and business-like agreement with the Western Telegraph Company in 1920 whereby the Western Union Company became a partner in all the rights of the Western Telegraph Company in Brazil, and the two companies agreed to lay a joint cable from Brazil to the United States via Barbados, the Western Union undertaking the section from Bar-

bados to Miami, where it secured a landing licence from the United States War Department. In 1920 the Western Telegraph Company duly laid the southern section from Brazil to Barbados at a cost of some three million dollars and the Western Union Company was about to land the northern section at Miami when it was forcibly prevented from so doing by the United States Government.

3. The Western Union Company took the case into the United States courts, but the State Department, apparently fearing an adverse decision, secured the passage of an act by Congress in effect transferring the grant of landing licences from the War Department to the State Department⁹⁹ and the act came into force before any decision in the Miami case could be rendered by the Supreme Court. Meanwhile, the matter had been referred to during the International Congress on communications held at Washington in 1920-21. The representatives of the State Department explained that it was contrary to the practice of the United States Government to grant landing licences to companies enjoying exclusive privileges in foreign countries, or themselves possessing such privileges. The British representatives pointed out that the All-America Company, which had obtained exclusive privileges on the west coast of South America, had been granted a landing licence in the United States. The State Department felt unable to justify this inconsistency, but no action was taken until, after informal discussions during the Disarmament Conference a year later,¹⁰⁰ an understanding was reached that the Western Telegraph Company should abandon its exclusive rights on the east coast and the All America Company its similar rights on the west coast of South America.

4. Notwithstanding the loss which had already been caused to the British Company, His Majesty's Government felt that a fairly reasonable compromise had been reached and left the further negotiations to the two companies. The latter concluded an agreement at the end of last year which is embodied in a resolution already in Your Excellency's possession, whereby each undertook to waive in favour of any British or United States cable companies its respective preferential or exclusive rights in those South American countries where it claimed such rights.¹⁰¹ The agreement was to become effective when the governments of the countries concerned acquiesced in

⁹⁹ Act of May 27, 1921; 42 Stat. 8.

¹⁰⁰ Conference on the Limitation of Armament, Washington, Nov. 12, 1921—Feb. 6, 1922.

¹⁰¹ For resolution of the Western Telegraph Co., Ltd., see telegram no. 3, Feb. 4, to the Chargé in Argentina, vol. I, p. 518, and for that of the All America Cables, Inc., see telegram no. 12, Feb. 6, to the Chargé in Peru, vol. I, p. 521.

he waiver. The Western Telegraph Company lost no time in notifying the Brazilian, Argentine and Uruguayan Governments of their surrender of all rights of an exclusive nature which they claimed or possessed. In order to expedite a settlement they even exceeded their contractual undertakings and urged those governments to notify the United States Government of their waiver. As far as I am aware, no delay occurred in Brazil. The Argentine Government on or about May 4th last, communicated to the United States Ambassador at Buenos Aires a resolution signed by the Minister of the Interior on that date to the effect that the Argentine Government were not called upon formally to admit the relinquishment of a right which—for them—did not exist, because they had already decided in that sense.⁹² The Uruguayan Minister for Foreign Affairs on June 6th last communicated to the United States Minister at Montevideo a legalised copy of correspondence showing that the Uruguayan Government also held that cable companies could own no preferential or exclusive rights in Uruguay.⁹³

5. The requirements of the United States Government were thus met in substance by the governments of all those countries where the Western Telegraph Company claimed or possessed any exclusive privileges. His Majesty's Government have not been informed that there has been any delay on the part of the governments of Colombia, Ecuador or Peru in accepting the waiver of similar privileges by the All-America Company, though they are now making inquiries on that point.

6. None the less the issue of the landing licence at Miami is still delayed and His Majesty's Government are at a loss to understand the reasons for the action of the United States Government in this matter.

7. The United States Government first prevented the landing of the Miami cable by force. Then they caused an act to be passed for the express purpose of preventing its operation or for enabling the licence to be cancelled in ninety days if the cable were already being operated under the existing legislation of the United States.⁹⁴ They then further required the surrender of the exclusive rights of the Western Company in South America. Each of these steps involved much delay and loss to both the British and the United States cable companies concerned and, incidentally, deprived the public in the United States of direct cable communication with Brazil by the shortest route. His Majesty's Government do not share the objec-

⁹² See telegram no. 36, June 1, from the Ambassador in Argentina, vol. I, p. 29.

⁹³ See despatch no. 801, June 23, from the Chargé in Uruguay, vol. I, p. 531.

⁹⁴ Act of May 27, 1921; 42 Stat. 8.

tions of the United States Government to the acquisition under certain conditions of exclusive rights, which they regard as legitimate inducements to the extension of business at points where traffic would not be immediately remunerative. Nevertheless His Majesty's Government raised no objection of principle to the transaction whereby both the British and United States companies waived their exclusive rights, and, so far as that transaction is concerned, the United States Government have now secured the admission of the principle which they desired.

8. The attention of the United States Government has been called to the serious loss caused to the British company by these continued delays. Representations having proved of no avail His Majesty's Government would be neglecting their duty if they failed to protect the same British company from further loss by the competition of United States companies in other directions, as at the Azores and in the matter of "urgent" telegrams between Europe and South America.

9. In this connection I observe that you are unable to reconcile the action of His Majesty's Government with the statements made in my note of May 16th last.⁹⁵ I venture to remind you of the passage in that note: "requests for permission to land cables on British territories will in future, as in the past be considered on their merits . . ." ⁹⁶ The merits of such requests have hitherto been considered purely from the commercial point of view, and His Majesty's Government would be loth to introduce other factors into their consideration. In this respect, however, the policy of His Majesty's Government differs from that of the United States Government.

10. By section two of the act, to which I have referred, the President is authorised to withhold or revoke landing licences when he shall be satisfied that such action will assist in securing rights for the landing or operation of cables in foreign countries or in maintaining the rights or interests of the United States or of its citizens in foreign countries. His Majesty's Government can only suppose that the refusal to issue the Miami landing licence is an example of the application of that section, though it is not clear how such action can assist United States cable companies in securing greater facilities in this country than those which they already enjoy. The policy of His Majesty's Government has indeed been so liberal that all the cables connecting this country with the United States are owned and/or operated by United States cable companies, whereas,

⁹⁵ Vol. I, p. 541.

⁹⁶ Omission indicated on Foreign Office note of Aug. 18.

owing to the different system prevailing in the United States, no British cable company has been able to continue to operate to that country at all. Moreover, a British landing licence carries with it the valuable privilege of connection with the British land lines, a privilege which the United States Government is unable to confer. United States cable companies have also been allowed the further valuable facility of leasing private lines and dealing direct with the public in this country. His Majesty's Government would regret the necessity for terminating any of these privileges, but they feel that such liberality merits reciprocity on the part of the United States Government, where the interests of British cable companies are concerned.

11. I should add that the only condition for which the British companies are pressing as regards landing rights at the Azores is that the proposed cables between the Azores and North America should be restricted to North American traffic, and that traffic from the continent for South America should be exchanged with the Western Telegraph Company at the Azores.

I have [etc.]

(In the absence of the Secretary of State)

W. TYRRELL

811.7353b W 52/38

The Minister in Portugal (Dearing) to the Acting Secretary of State

[Extract]

No. 106

LISBON, *September 15, 1922.*

[Received September 30.]

SIR: I have the honor to inform the Department that the Portuguese Parliament brought its session to a close about 2 o'clock this [*yesterday*?] morning. I sent the Department a telegram No. 92, September 14th,⁹⁷ to this effect.

The Western Union Telegraph Company's petition for the elimination of the objectionable amendment inserted in the Chamber of Deputies in the definitive contract, did not come out of the Senate Finance Committee and will still have to be acted upon by that Committee when Parliament reconvenes on the 23rd of October.

I have [etc.]

FRED MORRIS DEARING

⁹⁷ Not printed.

811.7353b W 52/41 : Telegram

The Secretary of State to the Ambassador in Great Britain (Harvey)

WASHINGTON, October 7, 1922—7 p.m.

306. Department has received the following telegram from President of the Western Union:

"We are in receipt of the following cable from which it would appear that early action by your Department in instructing the Embassy at London might result in the Foreign Office withdrawing their opposition to our landing at the Azores. signed Newcomb Carlton.

'London, October 5, Carlton, New York. Kerr returned from Lisbon says at last interview Prime Minister gave assurances that in spite Eastern Telegraph Company opposition withdrawal of modifications which is now agreed to by Commission of Senate is assured. Prime Minister also stated that most opposition can do is to delay but cannot prevent ratification. Prime Minister definitely said whole question would be immediately settled if British Foreign Office instructed its representative Lisbon to withdraw opposition. Kerr confidentially informed by United States Embassy, London, that question at present in suspense as they have not received instructions asked for from State Department when forwarding copy of last note they received from British Foreign Office which *inter alia* referred to Miami. Believe if instructions to act energetically are sent United States Embassy, London, difficulties will at once be overcome. As Portugal Parliament opens this month important act energetically at once. Signed Goddard.'

Foreign Office note dated August 18 forwarded your despatch 1631, August 19, dealt almost entirely with Miami situation. You did not request further instructions. Representations which you were instructed by Departments 256, August 18, 5 P.M. to make, had not been communicated to British Government when Foreign Office note of August 18 was written. Department's 261, August 25, 6 P.M.⁸⁸ informed you license for Miami Barbados Cable signed. The contents of these instructions should have been communicated to Foreign Office and as there was no occasion for suspending your activities cannot believe above report.

Take up matter again energetically with Foreign Office following instructions previously sent.

HUGHES

811.7353b W 52/42 : Telegram

The Ambassador in Great Britain (Harvey) to the Secretary of State

LONDON, October 12, 1922—noon.

[Received October 12—9:58 a.m.]

456. Your 306, October 7, 7 p.m. All of Department's instructions have been promptly carried out in representations made to Foreign

⁸⁸ Not printed.

Office and it was not intended to give Mr. Kerr impression that the question was in suspense or that new instructions had been asked for and not received.

Contents of instruction number 256 were communicated to the Foreign Office as directed but no comment has been made by it regarding points then brought out nor has it made any comment in recognition of opening of Miami line of which it was informally advised (see last paragraph Embassy's cable 270, July 3, 6 p.m.)

Representations being energetically renewed.

HARVEY

811.7353b W 52/50

The Ambassador in Great Britain (Harvey) to the Secretary of State

No. 1839

LONDON, November 17, 1922.

[Received November 27.]

SIR: I have the honor to refer to my cable No. 536, dated November 16, 5 p.m., 1922,⁹⁹ and to report that, in compliance with the Department's cable Instruction No. 306, dated October 7, 7 p.m., 1922, a Note was addressed to the Foreign Office on October 18, 1922, re-iterating the position of the United States with respect to cable concessions in the Azores desired by the Western Union Telegraph Company and the Commercial Cable Company. A copy, in triplicate, of that Note is attached hereto.

A reply has just been received from the Foreign Office, a copy of which is transmitted herewith in triplicate, in which it is suggested that the British and the United States cable companies should be allowed to come to direct agreement under certain conditions with regard to the Azores traffic, "untrammelled by administrative restrictions on either side", and that "on the conclusion of such an agreement and its confirmation by the issue of landing licences for the Azores cables in the United States, and on the full and immediate renunciation of the exclusive rights of the All-America Company in Colombia, His Majesty's Government will have much pleasure in withdrawing their opposition to the applications of the Western Union and Commercial Cable companies at the Azores."

I have [etc.]

For the Ambassador:

OLIVER B. HARRIMAN

First Secretary of Embassy

⁹⁹ Not printed.

[Enclosure 1]

The American Ambassador (Harvey) to the British Secretary of State for Foreign Affairs (Curzon)

No. 410

LONDON, October 18, 1922.

MY LORD: As I have previously had the honor to bring to Your Lordship's attention, two American companies, the Western Union Telegraph Company and the Commercial Cable Company, have for sometime past sought to obtain from the Government of Portugal certain concessions for the landing and operating of cables at the Azores. It appears, however, that although the Government of Portugal is quite prepared to grant the concessions desired, it has been deterred from so doing through the active opposition of His Majesty's Government exercised through the British Minister at Lisbon.

From enquiries and representations made at the Foreign Office by this Embassy it is understood that the opposition of the British Government to the concessions applied for by these American companies was due to the desire to protect certain British cable interests already established in the Azores from the competition which would result from the presence there of American companies, competition which might result, it was believed, in financial loss to the same British company which, it is alleged, has already suffered through the refusal of the Government of the United States to grant, until certain stipulations were fulfilled, a license for the landing and operating at Miami, Florida, of a cable in which it held an interest. Although, as I had the honor to point out in my note of July 24th last,¹ my Government was unable to admit that the question of the license to land the cable at Miami and the question of the concession to American companies at the Azores were in any way related, the statements of the Foreign Office that His Majesty's Government was unable to change its policy of opposition to American concessions at the Azores until the question of the landing at Miami were settled led to the natural conclusion that when this license was granted British opposition to the Azores concessions would be withdrawn.

On August 25 [24], 1922, as the Foreign Office has already been advised, the President of the United States signed the license authorizing the Western Union Telegraph Company to land and operate the Barbados-Miami cable. It has therefore been a matter of surprise to my Government that, as this Embassy has been recently informed, the British Minister at Lisbon continues his active opposition to the granting by the Portuguese Government of the applications of the American companies even though highly placed Portuguese officials have intimated that their Government is quite

¹ *Ante*, p. 370.

prepared to grant at once the concessions desired by the American companies.

It is understood that the condition which His Majesty's Government, at the instance of the British cable companies, desires the Portuguese Government to impose upon the American companies is that the proposed American cables should be restricted to North American traffic, and that the traffic from Europe to South America should be routed over the Western Telegraph Company's lines. In this connection it may be well to point out that acquiescence by the Government of Portugal in such a policy would constitute a violation of the International Telegraph Convention, to which convention the Portuguese Government is a party, which obligates the signatory states to require cable companies to respect the routing directions of cablegrams.

Acting under urgent instructions from my Government, I have the honor to request Your Lordship to examine again this question with a view to obtaining the withdrawal of the opposition heretofore exercised by His Majesty's Government on the Government of the Republic of Portugal to the serious detriment of legitimate American interests.

I have [etc.]

For the Ambassador:

OLIVER B. HARRIMAN

First Secretary of Embassy

[Enclosure 2]

The British Secretary of State for Foreign Affairs (Curzon) to the American Ambassador (Harvey)

No. A 6715/116/45

[LONDON,] 14 November, 1922.

YOUR EXCELLENCY: I have had under consideration your note No. 410 of the 18th ultimo respecting the applications of the Western Union and Commercial Cable Companies for landing licences at the Azores, and I note Your Excellency's assumption that now the Miami landing licence is granted, the opposition of His Majesty's Government to those applications will be withdrawn.

2. You will recollect that the Miami landing licence was only obtained in return for the cession by the Western Telegraph Company of its valuable rights in Brazil and, further, that, as part of the same arrangement, the All-America Cable Company was to abandon its similar rights in Colombia, Ecuador and Peru. The Miami transaction should therefore have been complete in itself and the issue of the landing licence, being, as it was, a part of the transaction, can scarcely be held to give the United States cable com-

panies a claim to further consideration on the part of His Majesty's Government. Owing, however, to the delays which occurred in the issue of the licence, the Western Telegraph Company suffered a loss of some four hundred and fifty thousand dollars in interest and depreciation alone for which no compensation has been offered. Nor have the exclusive rights of the All-America Cable Company in Colombia yet been waived with that completeness on which the United States Government insisted in the case of the similar British rights in the Argentine and Uruguay. According to a report of October 6th from His Majesty's Minister at Bogotá the Colombian Government had not at that date received any notification from the All-America Cable Company, and the government only expressed their readiness to accept the waiver, when received, for the period of the existing concession, expiring on August 25th, 1924.² Not only, therefore (unless the position has been subsequently modified), have the All-America Cable Company not completed their undertaking, but the Colombian Government are leaving the way open for a renewal of the company's exclusive rights on the expiry of the present concession. In these circumstances, you will, I feel sure, agree that His Majesty's Government would be failing in their duty if they encouraged any further diversion of traffic from the Western Telegraph Company by United States cable companies.

3. I am aware that the United States Government base their treatment of that company on the principle that landing licences are not granted in the United States to cable companies possessing exclusive rights. As stated in paragraph 7 of my note of August 18th last,³ His Majesty's Government do not share the views of the United States Government with regard to exclusive rights, and, while they regret the difference of opinion on this point, they feel that their views are entitled to as much consideration as are those of the United States Government. In the particular case of the Miami cable the United States secured the recognition of their principle; in the case of the Azores landings it would therefore seem equitable that the United States Government should accept the views of His Majesty's Government, the more so as the arrangements which His Majesty's Government desire to secure at the Azores would not in practice prejudice the interests of the United States companies.

4. I am most anxious to remove any misunderstandings on this point from the mind of the United States Government, and therefore venture to remind you that the Western Telegraph Company merely propose that their route to South America shall continue to

² See telegram no. 15, Mar. 11, from the Minister in Colombia, vol. I, p. 525.

³ *Ante*, p. 373

be regarded as the normal route for "unordered" telegrams from Europe, which, indeed, its directness and shortness as compared with that via New York manifestly make it. Telegrams ordered via the United States cables would, however, be forwarded freely by those cables. In order to close the matter, I therefore have the honour to suggest that the British and United States cable companies should be allowed to come to a direct agreement on this basis with regard to the Azores traffic, untrammelled by administrative restrictions on either side. On the conclusion of such an agreement and its confirmation by the issue of landing licences for the Azores cables in the United States, and on the full and immediate renunciation of the exclusive rights of the All-America Company in Colombia, His Majesty's Government will have much pleasure in withdrawing their opposition to the applications of the Western Union and Commercial Cable companies at the Azores.

5. The above distribution of traffic complies with those provisions of the Telegraph Convention which you have quoted. I have, however, felt bound to inform the Portuguese Government that the United States cannot properly claim the benefit of those particular provisions, seeing that the United States Government have expressly declared their inability to grant their benefit to the other powers signatory to the convention.

I have [etc.]

CURZON OF KEDLESTON

811.7353b W 52/41

The Secretary of State to the Ambassador in Great Britain (Harvey)

No. 746

WASHINGTON, December 6, 1922.

SIR: The Department has received your despatch No. 1631 of August 19, 1922, transmitting a copy of the Embassy's note of July 24, 1922, to the Foreign Office and of a reply from the Foreign Office dated August 18, 1922, relating to the opposition of the British Government to the applications of the Western Union Telegraph Company and the Commercial Cable Company to the Portuguese Government for concessions authorizing them to land and operate cables at the Azores.

The Department desires that you address a further communication to the Foreign Office reading substantially as follows:*

Referring to the note No. A-5216/116/45, which was addressed to the Embassy by Sir William Tyrrell on August 18, 1922, relative to

*Note based upon these instructions was addressed to the British Foreign Office on Dec. 21. The bracketed dates inserted throughout the text here printed are taken from copy of the note which was transmitted to the Department by the Chargé in his despatch no. 1920, Dec. 29 (file no. 811.7353b/143).

the opposition of His Majesty's Government to the granting by the Portuguese Government of concessions to the Western Union Telegraph Company and the Commercial Cable Company, authorizing them to land and operate submarine cables at the Azores, I have the honor to state that I promptly forwarded a copy of the communication to my Government and am now in receipt of instructions to address a further communication to His Majesty's Government in regard to the matter.

As the Western Union Telegraph Company has now been authorized to land and operate its cable at Miami Beach, Florida, connecting the United States with Brazil by way of Barbados, the President having granted a license to the Company on August 24, 1922, it would seem that no useful purpose would be served by a further discussion of the matter of the delay in granting that license were it not that the Foreign Office note of August 18, 1922, deals almost entirely with that subject and indicates that, notwithstanding that the attitude of the Government of the United States with respect to the landing and operation of cables on the shores of the United States and the delay in granting a license to the Western Union Telegraph Company to land a cable at Miami Beach has been fully explained in previous communications, there is a misunderstanding on the part of His Majesty's Government in regard to these matters. With a view to removing this misunderstanding I am directed to inform you with regard to the statement in the first paragraph of the Foreign Office note that His Majesty's Government had never received from the Government of the United States a copy of the conditions on which the United States Government was willing to grant a license for the landing at Miami Beach, although the line of cables terminating at Miami is partially owned by a British company, that the Western Union Telegraph Company, the applicant for the license, was fully informed concerning those conditions. The Government of the United States was not in communication with the Western Telegraph Company regarding the matter but had reason to believe that the Western Union Telegraph Company kept the Western Telegraph Company fully informed of the conditions on which the United States was willing to grant the license and of the developments in the matter.

As bearing on this phase of the question under discussion, reference may be made to the proposals which were communicated on February [21 and February 23], 1921, (here insert date of your communications transmitting the substance of Department's telegrams No. 103 [102] of February 19, 9 P. M., and No. 107 of February 21, 7 P. M.),⁵ to F. J. Brown, formerly chief delegate of Great Britain to the Preliminary Conference on Communications, to which the Foreign Office replied on February [25], 1922 [1921], (here insert date of Foreign Office note referred to in your telegram No. 152 of February 26, 1921, 2 P. M.),⁶ stating that "the Western Telegraph Company, having carried out their part of the agreement between the two companies, His Majesty's Government are of the opinion that

⁵ *Foreign Relations*, 1921, vol. I, pp. 824 and 825, respectively.

⁶ *Ibid.*, p. 826.

any proposal for the modification of that agreement should be addressed to the Western Telegraph Company by the Western Union Company direct".

In a further communication which was addressed to Mr. Brown on March [3], 1921, (here insert date of Embassy's communication to Mr. Brown based on Department's telegram No. 118, March 2, 1921, 5 P.M.),^{6a} it was stated that since Mr. Brown's answer indicated that the British Government no longer had its former interest in the situation, it was assumed that no progress could be made by further exchange of views. It was observed, however, that without an agreement between the two governments on the larger question of policy involved, and their concurrent support, it was not apparent how the companies could make any progress toward a settlement by direct negotiations. In response to this communication the Foreign Office stated in its note of March [8], 1921, (here insert date of Foreign Office note quoted in your telegram No. 194 of March 9, 1921, 6 P.M.),⁷ that "the suggestion that direct relations should take place between the two companies was made merely because it was the opinion of His Majesty's Government that this would be the most effective means of reaching a solution satisfactory to both governments". In view of these repeated suggestions of the British Government, it was not unnatural that the Government of the United States did not again urge the Foreign Office to deal with the matter.

The statement contained in the second paragraph of the Foreign Office note that the Western Union Telegraph Company secured a landing license from the United States War Department indicates that the practice of my Government with respect to issuing licenses authorizing the landing of cables has not been understood by the British authorities, although it was fully explained in the note which was addressed to the Foreign Office on August [27], 1919, by my predecessor (here insert date of note to Foreign Office based on Department's instruction No. 324 of July 31, 1919).⁷ Reference is made to the copy of the Presidential permit for landing a cable on the shores of the United States, and also to the copy of the form of permit issued by the Secretary of War covering the physical landing of the cable, enclosed with that note. It is the custom in issuing Presidential licenses authorizing the landing and operation of cables in the United States to provide in the license that the location of the cables within the territorial waters of the United States and upon the foreshore thereof shall be in conformity with plans approved by the Secretary of War who acts on recommendation of the Chief of Engineers. The permit of the Secretary of War does not authorize the establishment of a physical connection between the United States and a foreign country but approves the plans for laying cables in the territorial waters of the United States. The practice of the United States Government in this regard was well known to the Western Union Telegraph Company.

With respect to the statement that the Western Telegraph Company laid the south section of the cable from Brazil to Barbados at a cost of some three million dollars and the Western Union Tele-

^{6a} *Ibid.*, p. 826.

⁷ Not printed.

graph Company was about to land the north section at Miami when it was forcibly prevented from doing so by the United States Government, I am directed to state that it is the understanding of my Government that the section of the cable from Brazil to Barbados was not laid until after the attempt of the Western Union Telegraph Company to land its cable at Miami Beach had been opposed by the Government of the United States. Furthermore, on July 30, 1920, when information was received at the Department of State that the British cable ship *Colonia* was on its way from Plymouth to Miami Beach prepared to lay the cable from Miami Beach to Barbados, the Secretary of State informed the British Ambassador at Washington that the United States had not issued a license for the landing of this cable and stated that since it appeared that an effort would be made to effect the landing of the cable despite the fact that the license was withheld, instructions had been issued to the Navy Department to safeguard the Government's position. It was further stated that since the vessel employed was a British vessel, it would be appreciated if a timely warning could be conveyed to her master.⁸ The British Ambassador replied on July 31, 1920,⁹ stating that he had taken steps to bring the matter to the notice of His Majesty's Government and had asked that every effort be made to prevent the cable steamer *Colonia* from attempting to land the cable. It appears that a warning was communicated to the master of the vessel by the British Vice Consul at Miami. Despite warnings given to the Western Union Telegraph Company that it would not be allowed to land its cable in the United States, so long as the objectionable monopoly existed in Brazil, and the notice given to the master of the *Colonia*, the company in August, 1920, laid the cable from a point outside the three mile limit off Miami Beach to Barbados.¹⁰ It is stated in an informal note No. 580 of July 27, 1921, from the British Ambassador at Washington to the Secretary of State of the United States¹¹ that "expenses were incurred by the delaying of the British cable ship *Stephan* which was occasioned by the circumstance that the operations allotted to her had to be carried out in conjunction with the S.S. *Colonia*". The *Stephan* laid the section of the cable from Maranhão, Brazil, to Barbados. It would appear from the foregoing that both cables were laid with knowledge that the Government of the United States was opposed to the landing of the cable in the United States so long as the monopoly in Brazil existed.

With regard to the statement in the third paragraph of the Foreign Office note that the Department of State apparently feared an adverse decision in the litigation which the Western Union Telegraph Company had instituted to enjoin the authorities of the Government from preventing the landing of the cable and secured the passage of an act transferring the authority to grant landing

⁸ Note of July 30, 1920, to the British Ambassador, *Foreign Relations*, 1920, vol. II, p. 687.

⁹ Reply not printed.

¹⁰ See memorandum of the Third Assistant Secretary of State, *Foreign Relations*, 1920, vol. II, p. 695.

¹¹ Not printed.

licenses from the War Department to the Department of State, I am instructed to state that His Majesty's Government has apparently overlooked the long line of precedents followed by the Government of the United States in refusing to permit the landing of the cable by the Western Union Telegraph Company and information which has been furnished His Majesty's Government regarding the procedure which has heretofore been followed in granting licenses. These precedents began with the action of the President when in 1869 he declined to allow a cable extending from France to the United States to be landed on the shores of the United States until a monopoly which had been granted by the French Government to the cable company which desired to lay the cable was abandoned.¹² This precedent of prescribing conditions on which cables could be laid in the United States has been followed by Chief Executives of the United States and numerous permits authorizing the landing of cables have been issued. Furthermore, the Western Union Telegraph Company when the landing of certain cables was against its interest had effectively appealed to the President to prevent the landing of such cables without a Presidential permit. It will be seen from the foregoing that the Western Union Telegraph Company was fully aware of the long established policy of the Government of the United States with respect to the landing of cables when the foreign termini of the cables were in countries which had granted monopolies adversely affecting American interests. The Act of Congress, approved May 27, 1921, a copy of which is enclosed,¹³ was not intended to transfer from the War Department to the Department of State authority to grant licenses to land cables in the United States. The War Department has not at any time undertaken to grant such licenses. Its authority has been restricted to the regulation in accordance with the provisions of Section 10 of the Act of Congress, approved March 3, 1899, of the construction of necessary works within the navigable waters of the United States to prevent interference with navigation. (30 Stat. L., 1115 [1151])

With respect to the statement which representatives of the Department of State are said to have made during the Preliminary Conference on Communications held in Washington in 1920 and 1921, to the effect that it was contrary to the practice of the United States to grant landing licenses to companies enjoying exclusive privileges in foreign countries, I am directed to inform you that the statement which Sir William Tyrrell makes does not accurately describe the position of the Government of the United States. It has been the long standing practice of the Government of the United States to decline to grant to foreign companies permission to land in the United States cables connecting with foreign countries in which the foreign company has obtained monopolistic privileges which exclude American cable companies. This practice was extended to the Western Union Telegraph Company in the matter of the Company's application for permission to land a cable at Miami

¹² See S. Ex. Doc. No. 122, 49th Cong., 2d sess., pp. 65 ff.

¹³ Printed, 42 Stat. 8.

for the reason that the cable which the Company desired to lay was to connect the United States with Brazil where the Western Telegraph Company, Limited, with which the Western Union Telegraph Company had associated itself in the enterprise, asserted exclusive privileges.

The suggestion made in the Foreign Office note that it was inconsistent to grant to All America Cables, Incorporated, a license to land a cable in the United States when the company possessed exclusive privileges on the west coast of South America, and that an arrangement for the mutual waiver by All America Cables and the Western Telegraph Company was made after informal discussions during the Disarmament Conference, is noted. The Foreign Office is correct in its understanding that All America Cables, Incorporated, surrendered such exclusive rights as it possessed on the west coast of South America. However, the impression that the plan for the mutual surrender by All America Cables and the Western Telegraph Company was in any way related to informal discussions which took place during the Disarmament Conference is inaccurate.

On July 15, 1921, the Western Union Telegraph Company made application for a license to land a cable at Miami Beach, pursuant to the provisions of the Act of Congress, approved May 27, 1921. The application was the subject of a series of conferences at the Department of State in which representatives of the Western Union Telegraph Company and of All America Cables participated. As a result of these conferences, the plan of mutual waiver of exclusive privileges was developed, and on December 6 [8], 1921, a draft license contemplating a mutual waiver was handed to the representatives of the Western Union Telegraph Company.¹⁴ One of the conditions of the proposed license required the Western Union Telegraph Company to subscribe to a declaration that it was not associated and should not associate with any foreign company or concern having in Brazil or elsewhere in South America rights of entry, connection or operation denied to any American cable company. This condition the Western Union Company could not accept until the Western Telegraph Company effectively waived its exclusive privileges in Brazil and elsewhere in South America. To place the Western Union Telegraph Company in a position to accept the proposed license, it was arranged with representatives of the Western Union Telegraph Company and All America Cables that All America Cables and the Western Telegraph Company should adopt resolutions waiving in favor of American and British cable companies any exclusive rights of entry, connection or operation of submarine cables which they possessed in South America. As indicated, the plan for the mutual waiver of exclusive privileges was not in any way related to informal discussions between representatives of the United States and the British Government during the Disarmament Conference. However, the Government of the United States understands from the comment made in the Foreign Office note that His Majesty's Government acquiesced in the plan for mutual waivers. This information is gratifying to the Government of the United States.

¹⁴ See telegram no. 3, Feb. 4, 1922, to the Chargé in Argentina, vol. I, p. 518.

It may be explained in relation to comments made in paragraph four regarding action taken by the Argentine Government with respect to the resolution adopted by the Western Telegraph Company, Limited, to waive its exclusive privileges in South America that the communication of the Argentine Government, to which reference is made in Sir William Tyrrell's note, related to the laying of cables and not in terms to other preferential privileges which the Western Telegraph Company secured by contract with the Government of the Argentine Republic. Article XIII of the contract between the Company and the Government, concluded June 3, 1909,¹⁵ obligated the Government to send over the lines of the Western Telegraph Company official telegraphic communications with Europe, North America and Africa and private messages not otherwise expressly routed. Inasmuch as the communication of the Argentine Government, to which reference has been made, apparently related only to the matter of laying cables and since Article XIII of the concession seemed to provide for the enjoyment by the Company of other preferential privileges, it was deemed necessary to obtain an expression from the Argentine Government relating to these other preferential privileges.

It seems from the fifth and sixth paragraphs of Sir William Tyrrell's note that notwithstanding the explanation which was made in the Embassy's note of July 24th to the Foreign Office it is not yet clear to His Majesty's Government why a license was not issued to the Western Union Telegraph Company for the landing at Miami when the Western Telegraph Company presented its resolutions of waiver to the governments of the countries in South America in which preferential rights were asserted. As stated in the Embassy's note of July 24th, the waivers of All America Cables and the Western Telegraph Company became effective upon the acquiescence of the South American governments concerned. It was, therefore, deemed necessary to withhold granting the license until all the South American governments had acquiesced in the waivers.

It is noted from the seventh paragraph of the note that His Majesty's Government does not consider objectionable the acquisition under certain conditions of exclusive rights which serve as inducements to the extension of business to points where traffic would not be immediately remunerative. The Government of the United States does not understand that it is contended that it is necessary for cable companies to possess exclusive privileges in South America to make cable traffic between the United States and South America remunerative, nor is it understood that the question of exclusive privileges in the Azores is presented by the applications of American companies for licenses to land and operate cables there. Therefore, it is not perceived that the question whether the acquisition of exclusive rights as an inducement to lay cables to points where the traffic would not be remunerative is objectionable or warranted is material to the present discussion.

It is assumed that in mentioning in the eighth paragraph of the note representations which had been made to the Government of

¹⁵ See footnote 55, vol. I, p. 530.

the United States regarding losses sustained by the British company as a result of the delay in landing the cable at Miami Beach, it was intended to refer to the note which His Excellency Sir Auckland Geddes addressed to the Secretary of State on July 27, 1921.¹⁶ This note was answered on October 31, 1921.¹⁶

Sir William Tyrrell states in paragraph nine of the note of August 18th that requests by cable companies to land cables on British territory will in the future, as in the past, be considered on their merits; that the merits of such requests have hitherto been considered merely from the commercial point of view and that His Majesty's Government would be loath to introduce other factors into consideration. It is this willingness of His Majesty's Government to consider on their merits requests for permission to land and operate cables in British territory that, as indicated in this Embassy's note of July 24th, the Government of the United States is unable to reconcile with the apparent purpose of His Majesty's Government to oppose, regardless of their merits, applications of American cable companies for permission to land cables at the Azores.

In paragraph 10 of Sir William Tyrrell's note it is stated with reference to section 2 of the Act of Congress approved May 27, 1921, that if the refusal to issue the license for the landing of the cable at Miami is an example of an application of that section, it is not clear how it can be employed to obtain for American cable companies greater facilities in Great Britain than they already enjoy. As has been indicated in previous communications and emphasized in this note, the purpose of the Government of the United States in withholding permission to land the cable of the Western Union Telegraph Company at Miami Beach was to cause the Western Telegraph Company to surrender its monopolies the existence of which rendered it impossible for American cable companies to obtain privileges similar to those enjoyed by that company with which the Western Union Telegraph Company had associated itself for carrying cable traffic between the United States and Brazil. The delay in granting the license was not intended to have any relation to facilities granted to American cable companies in Great Britain. Happily it has not been necessary to invoke the long standing practice of this Government or the provisions of the Act of May 27, 1921, in behalf of American cable companies seeking privileges in His Majesty's domain.

As His Majesty's Government is aware, telegraph lines in the United States are operated by private companies which compete not only for domestic business but also for international traffic. Neither American telegraph companies nor American cable companies have been granted monopolies in the United States. It is well known that companies which have landed cables on the shores of the United States own and operate extensive telegraph systems in the United States and maintain offices and deal directly with the American public.

In encouraging and supporting American companies in extending their systems so as to provide better facilities and services, the United

¹⁶ Not printed.

States Government does so without any intention whatever of interfering with similar development and extension of British communication facilities. The United States Government clearly recognizes the importance to the British Empire of extensive cable systems throughout the world and has no disposition to interfere with the maintenance or development of such systems. The United States Government favors the widest possible development of international communication facilities and services and desires that American enterprise be accorded the same freedom in extending and developing communication facilities as the cable companies of other nationalities enjoy. The Government of the United States is ready at any time to discuss with His Majesty's Government any question which arises in which the United States and Great Britain are concerned. As indicating the attitude of the American Government, you will recall that at the Washington Conference on Communications the American delegation offered to enter into an arrangement which would make possible wide use of American territory for cable relay purposes.¹⁷

In conclusion, I beg to state that while the Government of the United States desires that His Majesty's Government understand the general policy to which the Government of the United States has adhered in relation to applications for permission to land cables to connect the United States with foreign countries and has endeavored clearly to explain that policy and its application to the effort of the Western Union Telegraph Company to obtain permission to land its cable at Miami Beach, I am directed to observe that there is not perceived in the attitude of the Government of the United States with respect to landing cables on the shores of the United States any relation to the attitude which His Majesty's Government has adopted toward the landing of cables in Portuguese territory or any justification for the action of His Majesty's Government in opposing the efforts of American companies to obtain cable facilities in territory over which His Majesty's Government does not have jurisdiction. It is hoped that the opposition which His Majesty's Government has deemed it proper to exert against the applications of American companies for concessions to land and operate cables in the Azores may not longer be maintained.

The Department desires to receive from you a copy of the communication which you send to the Foreign Office pursuant to this instruction and copies of the correspondence with the Foreign Office mentioned therein and of other notes exchanged on this subject which have not previously been forwarded to the Department. The Department desires a complete file of this correspondence in order that it may be published or submitted to Congress if such a course should be deemed desirable.

I am [etc.]

CHARLES E. HUGHES

¹⁷ See section entitled "Failure to Secure Ratification of the Cable Agreement between the United States, Great Britain, and Italy, etc.," vol. I, p. 538.

**DISPUTE WITH THE BRITISH GOVERNMENT OVER WITHDRAWAL OF
RECOGNITION OF AMERICAN CONSULAR OFFICERS AT NEW-
CASTLE-ON-TYNE**

123 Sl 1/79a : Telegram

The Secretary of State to the Ambassador in Great Britain (Harvey)

WASHINGTON, July 20, 1922—3 p. m.

217. British Embassy announces intention of British Government to withdraw exequaturs of Consul Slater and Vice Consul Brooks at Newcastle-on-Tyne on the ground that they have attempted to divert passengers from British to American lines by making difficulties over visas for passengers not traveling by American lines and hinting that inconvenience might be encountered in the United States unless passengers should travel by American lines. In order that nature of action and reply to British Embassy may be intelligently considered you are requested to telegraph a brief statement of the facts as understood by the officers named, adding your own comment and that of Consul General.

HUGHES

123 Sl 1/80 : Telegram

The Ambassador in Great Britain (Harvey) to the Secretary of State

LONDON, July 26, 1922—2 p. m.

[Received July 26—9:58 a. m.]

312. Your 217, July 20, 3 p. m. Investigation now proceeding. Embassy has informally communicated to the Foreign Office its assumption that actual withdrawal of recognition will not be proceeded with until opportunity has been given to develop and confirm pertinent facts.

HARVEY

123 Sl 1/81 : Telegram

The Ambassador in Great Britain (Harvey) to the Secretary of State

LONDON, July 29, 1922—1 p.m.

[Received July 29—12:12 p.m.]

321. My telegram number 312, July 26, 2 p. m. On receipt of Department's telegram 217, July 20, 3 p. m., Embassy requested consul general to undertake thorough investigation and he accordingly despatched Consul Reed under instructions to obtain exact facts and consult all parties involved. Reed's report which has just been made and which is supported by signed affidavits is being sent by the pouch together with consul general's comment.²⁸ It completely ex-

²⁸ Despatch and enclosed report not printed.

onerates Slater and Brooks. Pending your receipt of complete documents consul general requests me to cable you the following:

"The charges against Consul Slater and Vice Consul Brooks have been investigated with care by myself from data submitted and I have before me a comprehensive report from Consul Reed who spent 2 days at Newcastle-on-Tyne where he obtained a detailed statement of all the circumstances coupled with affidavits all of which are being mailed.

As a result of this investigation I am strongly of the opinion that neither Mr. Slater nor Mr. Brooks has in any case refused, delayed or threatened to refuse or delay visas at any time as a means of encouraging passengers to travel via the United States Lines.

The opposition to these officers represents the objections of British lines to the competing American passenger ships fomented by rival local ticket agents who especially resent the activities of a competitor with whom the consulate has nothing whatever to do located at the same building as the consulate.

Witnesses named by these agents as prepared to support their charges state under oath that they met with no difficulty whatever and thus far there is not a shred of reliable evidence to confirm the allegations.

I trust that the Department will support the consul and vice consul for endeavoring conscientiously and without offense to discharge their proper duties."

I have examined Reed's report and completely concur in the consul general's views.

HARVEY

123 S1 1/83

The Secretary of State to the British Chargé (Chilton)

WASHINGTON, August 11, 1922.

SIR: I beg to refer to your note of July 18, 1922,²⁹ in which you inform me that the British Government contemplates withdrawing the exequatur of the American Consul at Newcastle-on-Tyne and the recognition of the American Vice Consul there, on August 18. In your note, you state that this action is to be taken by your Government because the American Consulate at Newcastle-on-Tyne has been attempting to divert passengers from British to American lines by making difficulties over the issue of visas for the United States to passengers not travelling by American lines and, further, by hinting that inconvenience is likely to be encountered in the United States unless the passengers travel by American lines. Your note further states that the action of the British Government is being deferred until August 18, in the belief that this Government may prefer to remove these officers of its own accord.

²⁹ Not printed.

In view of the fact that the British Government has seen fit to specify the reasons which have prompted its contemplated action in this matter, I have caused a careful investigation to be made of the alleged improper activities of these American Consular officers.

The reports, supported by affidavits, that I have received, as a result of this investigation, do not appear to substantiate the allegations against the American Consular officers set forth in your note, and therefore, in justice to Mr. Slater and to Mr. Brooks, this Government will be unable voluntarily to transfer these officers from their present post.

As the British Government, by enumerating its complaints against these American Consular officers, apparently invited an investigation of these complaints by this Government, and a discussion of their sufficiency, I trust that the British Government will not follow the course of action suggested in your note before submitting to this Government specific evidence to support the allegations that have been made and before an opportunity has been afforded for the presentation of the views of this Government in the light of such evidence.

Accept [etc.]

CHARLES F. HUGHES

125.655/3a : Telegram

*The Acting Secretary of State to the Ambassador in Great Britain
(Harvey)*

WASHINGTON, August 30, 1922—6 p. m.

268. Instruct Consul General to have Slater close office Newcastle immediately transferring archives and furniture to Hull. He should proceed Corunna where he has been assigned as Consul, Brooks proceeding Dresden at once. Discontinue services clerks and messenger with usual notice, compensation to be paid when accrued by Consul General who should also pay rent as it accrues but take steps to terminate lease.

PHILLIPS

123 SI 1/92 : Telegram

*The Consul in Charge at London (Linnell) to the Acting Secretary
of State*

LONDON, September 5, 1922—4 p. m.

[Received September 5—1:55 p. m.,]

Department's September 1, 4 p. m. to the Embassy.³⁵ Following is the full text circular 1859 February 2nd.

"I have the [honor] to call your attention to the fact that vessels of the United States Lines belonging to the United States Govern-

³⁵ Not printed.

ment are furnishing first-class passenger service between New York and European ports and I urge upon you to familiarize yourselves with the names of the ships, dates of sailing, et cetera, with a view to encouraging the use of these lines by all passengers whom you have reason to suppose are intending to proceed to or return from the United States. It has been submitted to me that it might lie within your power in a perfectly proper manner to contribute to an important degree in providing a clientele for our vessels. It is needless to say that the commercial success of the United States Lines is a matter in which we not only have a patriotic interest but also a direct financial interest as tax payers. Skinner."

Skinner on leave, shall I arrange Slater and Brooks proceed via London for examination?

LINNELL

125.655/13

The Consul in Charge at London (Linnell) to the Acting Secretary of State

No. 13742

LONDON, September 7, 1922.

[Received September 20.]

SIR: I have the honor to say that a delegation from the city of Newcastle came to this office today to urge upon the United States Government through this Consulate General that the office at Newcastle be not closed. The delegation was composed of:—

Sir George Renwick, Bart. M. P., Vice President, Chamber of Commerce.

Sir Arthur Sutherland, Bart. K. B. E., Vice President, Chamber of Commerce, Chairman of the Exchange.

Sir William J. Noble, Bart., Ex President of the Chamber of Shipping & Chairman Finance Co, River Tyne Commission, Vice President Chamber of Commerce,

Alderman Mason, M. P., Chairman, Shipping Federation,

Mr. A. M. Oliver, Town Clerk of Newcastle,

Mr. Herbert Shaw, D. L.; J. P., Secretary of the Chamber of Commerce, Director and Secretary of the Exchange.

The gentlemen composing this delegation represented practically all the important shipping interests in Newcastle and they said that neither they nor any of the organisations to which they belong had had any part or parcel in making complaints against the American consular officers in Newcastle, that it seemed a great hardship that they and business interests generally in the Newcastle district as well as the interests of the general public, particularly of aliens desiring to proceed from Newcastle to the United States should be penalised for a happening which was in no way their fault or concern.

I explained to the deputation that this whole matter was being carefully considered by the United States Department of State and that this office could only transmit their statements to the Department for its attention.

I have [etc.]

IRVING N. LINNELL

125.655/10b : Telegram

*The Acting Secretary of State to the Ambassador in Great Britain
(Harvey)*

WASHINGTON, September 15, 1922—6 p. m.

291. The following merely for your information.

On September 11 the British Ambassador called to discuss the Newcastle affair. After reviewing the case the Ambassador expressed the hope that the matter could rest where it was and asked that the Consulate be reopened. He said nothing was to be gained by closing the Consulate. I replied that the British Government did not seem to wish to terminate the affair with the Newcastle incident because, in the last British note,⁸⁸ it was suggested that if the Department studied the situation it would find that the practice of the Consuls at Newcastle might be somewhat general throughout our Service. I said that this statement made it all the more imperative to know just what our consular officers at Newcastle had been doing. The Ambassador then admitted that there was a feeling in British shipping circles that American officials abroad were acting in this way, and that a number of "friends of his" had been raising the point during his recent visit to England. The Ambassador then outlined the importance of the whole subject and dwelt at length on the new and embarrassing features created by the possible attitude of this Government toward American government-owned vessels.

The Ambassador said the general election in England would occur at the latest in November, 1923, and, in his opinion, would take place 6 or 8 months previous to that date; that England was now preparing for this election and that much pressure was being brought to bear by British shipping interests upon the Board of Trade, which in turn brought pressure upon the Foreign Office, and *vice versa*. He recalled the last American election and the use made of the League of Nations, and intimated, without saying so, that the British shipping problem would not be less important to the British in their coming elections.

In reply to his request for the immediate opening of the Consulate, I stated that its closing was merely a temporary affair until

⁸⁸ Not printed.

we had found suitable officers to send there and that we had at no time made any statement to the effect that the Consulate would be permanently withdrawn. The Consulate however I said would not be opened at present.

Repeat to Consul General Skinner.

PHILLIPS

123 Sl 1/94 : Telegram

*The Acting Secretary of State to the Ambassador in Great Britain
(Harvey)*

WASHINGTON, September 18, 1922—7 p. m.

292. Your Despatch Number 1660, August 30, Newcastle case.

Please inform Lord Curzon with reference to his note of August 28th,³⁷ that since Slater and Brooks have categorically denied the truth of the affidavits enclosed with the last note from the Foreign Office, Consul General Nelson T. Johnson will arrive in England about September 25th, as the Department's representative, to conduct a searching investigation of the Newcastle affair; that this Government considers it important to go to the bottom of this matter now, so that future misunderstandings may be avoided; that to this end the Department has selected Mr. Johnson, who has been attached to the Department for the past 4 years, to review evidence on the ground and to submit a report on his findings to the Secretary of State and to the President.

Please express to Lord Curzon this Government's hope that the British Government will cooperate in this investigation and will lay frankly before Mr. Johnson all the evidence upon which it was led to take its action. Announcement of Mr. Johnson's mission has been made here.

Full cooperation of Embassy and Consulate General requested. Johnson carries personal letter to you.³⁷

PHILLIPS

125.655/26 : Telegram

*The Ambassador in Great Britain (Harvey) to the Secretary of
State*

LONDON, October 6, 1922—5 p. m.

[Received 7:44 p. m.]

447. From Johnson concerning Newcastle matter:

An examination of the files of consulate at London shows that the North Atlantic Passenger Conference complained on June 7th

³⁷ Not printed.

that the Newcastle consulate had intimated to certain applicants for visa that the visa would only be granted conditionally on their traveling by ships of the United States Lines. This was at once referred to Newcastle consulate which while admitting it had "electioneered" on behalf of the United States Lines denied that it had ever endeavored to give any applicant for visa reason to believe that the visa would be granted on condition that he sailed by the United States Lines. This answer was duly communicated to the North Atlantic Passenger Conference on June 10th by the consul general who added that he felt entirely convinced that information to the contrary effect which might have reached the Conference was erroneous. The North Atlantic Conference thereupon instead of specifying the nature of its evidence appears to have taken the matter up with the Foreign Office. Subsequent efforts to obtain from it the evidence upon which its charges were based have been met with the statement that as the matter has been placed in the hands of the Foreign Office the Conference was not in a position to go further into the matter with the consulate general.

The Foreign Office has indicated in a note to the Embassy that if I will visit it the competent officer will be pleased to discuss the matter with me. This of course I am not authorized to do but intimation has been made to the Foreign Office that I am ready at any time to inspect any evidence which it may wish to show me. An early reply is expected and I feel that Slater and Brooks should be held here until we are sure that the nature of the evidence in the hands of the Foreign Office will not require further statements on their part but that they should then be allowed to proceed to their posts.

The Newcastle district continues to attack the Government and under the circumstances it has seemed unwise to proceed there for evidence, at least before seeing that in possession of the Foreign Office, as the only people there who would be willing to give me anything would be those, including the Chamber of Commerce, who would wish to use me as stick to strike at the Foreign Office.

I have questioned both Slater and Brooks and have gone carefully through the files of the consulate here in London and I do not find anything in their statements or in the files which would indicate that they had been guilty of the acts complained of by the North Atlantic Passenger Conference and the Foreign Office. I find ample evidence, however, to show that these men as well as a number of their colleagues in the British Isles have interested themselves in active and open advocacy of the use of the United States Lines utilizing in particular the opportunity furnished by the inevitable wait during which passports were being sealed and stamped. Arguments to use United States Lines directed by persons lacking in judg-

ment to the ignorant and suspicious minds of people of the emigrant class would lend themselves easily to misconstruction by interested persons especially in an atmosphere electrified by a keen competition between shipowners and ticket agents for the patronage of emigrants. The zeal of these officers has been due entirely to the fact that the ships were nationally owned and although the consulate general requested instructions of the Department as early as May 30th, 1922 (serial number 13168)³⁹ no instructions have been issued for their guidance.

[Paraphrase.] In view of the circumstances and for the sake of the morale of the Service, I trust that the Department will not hurry to reopen the Newcastle consulate until the Foreign Office either proves its charges by sufficient evidence or withdraws them. The charges seem to be founded merely upon prejudiced and distorted views of ill-timed activities by officers zealously interested in the welfare of American Government vessels.

Castle⁴⁰ adds following: Johnson has very carefully studied the situation and has complete evidence which I have examined. I am in entire agreement with his report given above. One must remember that the chief cause of this controversy is opposition by the British to government-owned ships. Our consuls have urged patronage of the United States Lines because the American taxpayers run them and they have even refused to accept the literature of private American lines. This has created a bad impression, the British believing that our consuls will engage in unfair activity on behalf of government vessels. This question makes urgent a decision with respect to the question of shipping United States immunities [*sic*]. I strongly feel that it is necessary to give our consuls clear and specific instructions as soon as possible.

I expect soon to have lunch with Sperling.⁴¹ If he says anything of importance I will cable. [End paraphrase.]

HARVEY

125.655/35 : Telegram

The Consul General at London (Skinner) to the Secretary of State

LONDON, November 6, 1922—4 p. m.

[Received November 6—2:26 p. m.]

From Johnson:

I returned from Newcastle where I found nothing to change view expressed in my message transmitted by Embassy on October 6. Sailing 9th *President Harding*.

SKINNER

³⁹ Not printed.

⁴⁰ William R. Castle, Jr., Chief of the Division of Western European Affairs, temporarily in London.

⁴¹ R. A. C. Sperling, head of the American and African Department of the British Foreign Office.

125.655/36 : Telegram

The Secretary of State to the Ambassador in Great Britain (Harvey)

WASHINGTON, November 8, 1922—5 p. m.

348. Your 517, November 6th, 11 a. m.⁴⁴

The Department having given careful consideration to your suggested reply to the Foreign Office feels that a more precise and detailed statement of the position of this Government is desirable. Therefore the draft has been amplified in the following text of a note which I shall be glad to have you deliver to Lord Curzon at the earliest practicable moment:

"My Lord. I have the honor of transmitting to Your Lordship the response of my government to Your Lordship's communication of October 19, 1922."⁴⁴

My Government has noted that the British Government expresses its willingness to drop the charges against the American consular officers formerly at Newcastle-on-Tyne, on the understanding that the United States will reopen the Consulate with the least possible delay. The Government of the United States has consistently maintained the position that the exequatur of Mr. Slater and the recognition of Mr. Brooks were withdrawn as the result of specific charges of wrong-doing and that, as the action of the British Government and the nature of the charges were made public, thus injuring the officers and imputing to the American foreign service practices never authorized, it was incumbent upon my Government to satisfy itself with regard to the facts. It therefore instituted an inquiry for the purpose of determining whether the charges had adequate basis. It has been desirous of completely establishing the guilt or innocence of the two officers and of disposing of the incident upon its merits.

As Your Lordship is aware two separate inquiries into the facts were instituted by the United States Government. During these inquiries the evidence which the British Government submitted—three affidavits—was examined and an opportunity was given to the British Government to furnish any additional data which it might possess. These inquiries, however, have failed to bring to light evidence to sustain a charge of any wrongful acts on the part of the American consular officers involved and the conclusion that the charges have not been substantiated would seem to be supported by the expressed willingness of the British Government to drop them without prejudice.

My Government cannot but feel confident that the British Government must now realize that a mistake has inadvertently been made; that innocent officers have been publicly and unwarrantably accused of serious misconduct and the good faith of the foreign service of a friendly Nation has been openly brought into question upon inadequate and incorrect information. My Government has no doubts, now that the two Governments have given mature considera-

⁴⁴ Not printed.

tion to the matter that your Lordship will desire to adopt the direct, and only feasible, way, in view of the public attention which has been drawn to the incident, of repairing the damage which has been done. It is the earnest hope of my Government that the British Government would be willing frankly and unconditionally to withdraw the serious charges inadvertently made and publicly to announce the reasons for the action, as was done when the exequatur of Mr. Slater was cancelled and the recognition of Mr. Brooks was withdrawn.

The mere dropping of the charges, conditioned upon the reopening of the Consulate at Newcastle, does not appear to be a solution acceptable to my Government. If, however, it would make an early disposition of the matter more convenient to the British Government, my Government is entirely ready to accept the proposal for the dropping of the charges and the reopening of the Consulate at Newcastle if the British Government will agree to grant an exequatur to Mr. Slater and the recognition to Mr. Brooks as Consul and Vice Consul, respectively, at Newcastle, and to the simultaneous issue at the two Capitals of an announcement in a form satisfactory to both Governments of the action taken and the reasons therefor.

My Government regrets that it is unable to accept the proposal to issue identic instructions to consuls defining their duties in respect to national shipping, as it could not regard the question of such instructions as having a bearing upon the appropriate settlement of the Newcastle incident. My Government would be pleased, however, after final disposition has been made of that incident, to entertain proposals from the British Government looking to the conclusion of a consular convention inasmuch as no such convention at present exists between the two countries."

Please inform the Department by telegraph immediately upon the delivery of this note to Foreign Office.

HUGHES

195/461a

The Secretary of State to Consular Officers

No. 865

General Instruction
Consular

WASHINGTON, December 30, 1922.

GENTLEMEN: The activities in shipbuilding in the United States during the war period wrought marked changes in the position and outlook of the United States with respect to its merchant marine. The great increase in the number of American owned and operated ships has not only provided the United States with adequate tonnage for the transport of a large volume of its overseas trade but also with a merchant fleet large enough to compete as an international carrier with the maritime countries of the world.

The policy of the United States to encourage the formation of companies for the operation of steamship lines, to stimulate the opening up of trade routes, and to prepare the way for American

ships to compete on terms of equality with those of other countries is set forth in the Merchant Marine Act, 1920, as follows:⁴⁶

"Be it enacted by the Senate and House of Representatives of the United States in Congress assembled, that it is necessary for the national defense and for the proper growth of its foreign and domestic commerce that the United States shall have a merchant marine of the best equipped and most suitable types of vessels sufficient to carry the greater portion of its commerce and serve as a naval or military auxiliary in time of war or national emergency, ultimately to be owned and operated privately by citizens of the United States; and it is hereby declared to be the policy of the United States to do whatever may be necessary to develop and encourage the maintenance of such a merchant marine."

The declared policy of the United States with respect to its merchant marine presents to the consular service an exceptional opportunity to assist in the building up of American shipping interests. With its representatives at all important ports the consular service is peculiarly equipped to render the American merchant marine direct assistance, similar in many respects to that which it now offers to the American manufacturer and exporter, by collecting information which will enable American ship owners and operators to meet those conditions in all parts of the world which affect the future of the cargo and passenger carriers of the United States.

If American business men are promptly and accurately informed concerning the volume of international freight and passenger traffic, the extent to which such traffic is subject to seasonal fluctuations and the effect thereof on freight rates, the division of the trade between American and foreign shipping, and the competitive conditions under which the trade is conducted; and if they are also informed of the cost of fuel at foreign ports, port facilities for handling cargo, repair and dry-dock facilities, and the overhead charges connected with in and out of port movement such as port, light, pilotage, and similar charges or dues, existing American steamship lines will be placed in a better position for development and profitable operation, and more consideration will unquestionably be given to the establishment of new American ship operating companies.

The Department expects consular officers to make a close study of the subjects covered by the foregoing paragraph in so far as they relate to their respective districts. While definite reports are to be submitted on these subjects, reports on other related matter should be submitted from time to time as material therefor may become available.

Supervising Consuls General will in so far as it is practical assist officers under their supervisory control in the preparation of shipping reports and instruct officers at inland consulates to report on the

⁴⁶ 41 Stat. 988.

relationships existing between railway and navigation companies, special rates, if any, on exports or imports covered by through bills of lading, or other matters affecting the movement of overseas merchandise to or from the interior. Copies of these reports from inland consulates will be transmitted to the officers in charge of the seaport offices or at the distributing centers through which the foreign trade of each district passes.

Several requests have been received by the Department from consular officers for information as to the propriety of displaying advertising matter of American steamship lines in consulates. The Department has no objection to the display on the walls of consular offices of attractively framed pictures or photographs of American steam or sailing vessels. Colored posters, however, and similar advertising matter should not be so displayed as these deface the walls of the office. Applicants for consular services such as certifying invoices, acknowledgments, authentications, and passport visas, unless they enquire specifically for the information, should not be approached on the subject of the facilities of American passenger vessels. Space should be provided in the commercial files of the consulate for pamphlets, folders and cards giving information relating to the facilities offered by American vessels, and consular officers should make this information readily available to interested inquirers in the same manner as is done with catalogues and advertising matter of American exporters. In this, as well as other respects, privately operated American vessels should be given the same consideration as that given to merchant ships owned and/or operated by the United States Government.

The Department believes the interests of the American merchant marine will be greatly promoted if consular officers carry out the instructions herein contained and confine their activities in behalf of steamship companies to investigating and reporting upon shipping matters and answering satisfactorily any proper inquiry relating thereto which may be received. The attention of the service is invited to the fact that in complying with proper requests for commercial or shipping information the confidential nature of the information contained in consular invoices and other records, as set forth in existing instructions, must be respected.

I am [etc.]

CHARLES E. HUGHES

125.655/45

The Chargé in Great Britain (Wheeler) to the Secretary of State

No. 1930

LONDON, *January 2, 1923.*

[Received January 13.]

SIR: Referring to your telegraphic Instruction No. 348, of November 8, 5 p. m., 1922, relative to the Newcastle-on-Tyne case, I have

the honor to transmit herewith, a copy, in triplicate, of a note which has just been received from the Foreign Office in reply to this Embassy's note of November 9, 1922.

I have [etc.]

POST WHEELER

[Enclosure]

The British Secretary of State for Foreign Affairs (Curzon) to the American Chargé (Wheeler)

No. A 7598/1133/45

[LONDON,] 27 December, 1922.

SIR: I have the honour to acknowledge receipt of Mr. Harvey's note No. 446 of November 9th on the subject of the closing of the United States Consulate at Newcastle-on-Tyne.

2. As I had the honour to point out to His Excellency in my note of August 28th last,⁴⁷ the note addressed to the Secretary of State of the United States by His Majesty's Chargé d'Affaires at Washington on July 18th,⁴⁷ informing Mr. Hughes of the view taken by His Majesty's Government of the action of Mr. Slater and Mr. Brooks in making difficulties over the issue of visas for the United States to passengers not travelling by American lines, was intended as a friendly hint to the United States Government to transfer those officials to other posts since they were no longer *personae gratae* to His Majesty's Government. Instead of withdrawing the recognition of Mr. Slater and Mr. Brooks at once, as was their undoubted right, His Majesty's Government postponed action for one month in order to give the United States Government an opportunity, if they so desired, to transfer those officers to other posts. The purpose of this action was precisely to avoid that publicity which Mr. Harvey appears to deplore in the second and fourth paragraphs of his note and for which His Majesty's Government must entirely disclaim responsibility.

2[*sic*]. At the conclusion of the period of delay His Majesty's Government had no alternative but to exercise their sovereign right, as had been done by the United States Government in 1856 in the case of the British Consuls at New York, Philadelphia and Cincinnati,⁴⁸ and Mr. Slater's exequatur and the recognition of Mr. Brooks were accordingly withdrawn.

3. In furnishing the United States Government with an indication of the reasons for their action and with copies of the statements submitted, the object of His Majesty's Government was to place the United States Government in possession of information which might show that no unfriendly motive underlay the decision of His

⁴⁷ Not printed.

⁴⁸ See John Bassett Moore, *A Digest of International Law*, vol. iv, pp. 523-535.

Majesty's Government and which might at the same time permit the United States Government to conduct such enquiries as they might think fit, from the point of view of the internal administration of the United States Consular Service, into the charges brought against the two Consular Officers. It was at the same time hoped that a frank exchange of views would enable the two governments, in consultation, to frame whatever new regulations might be necessary on the one side or the other to prevent the occurrence at other places of difficulties of a like character. It was not thought, nor could it be admitted, that there should be any question of reviewing the conclusions to which His Majesty's Government had come after a full consideration of all the facts.

4. I have taken due note of the intelligence conveyed in Mr. Harvey's note that, as a result of separate investigations, the character and scope of which are unknown to me, the United States Government have drawn conclusions different from those drawn by His Majesty's Government, but while regretting this difference of opinion, His Majesty's Government feel bound to adhere to their original position.

5. You will have gathered from what I have already stated in this note that I cannot admit the justification of the statement made in Mr. Harvey's note under reply, to the effect that "innocent officers have been publicly and unwarrantably accused of serious misconduct and the good faith of the foreign service of a friendly nation has been openly brought into question upon inadequate and incorrect information". On the contrary, His Majesty's Government regard the information at their disposal as being entirely accurate in substance and consequently entirely adequate to warrant the cancellation of the officers' recognition.

6. Mr. Harvey's note appears, however, to have been written on the assumption that a legal case had to be made out against the officers in question before the recognition extended to either of them by His Majesty's Government could be properly withdrawn. Such an assumption is at variance with the well-established international practice in these matters and very distinctly at variance with the action of the United States in the precedents already mentioned above.

7. It may well be admitted that affidavits made by persons who, for good reasons, prefer that their identity should not be publicly disclosed, would not be accepted as competent evidence in a court of justice but it must be pointed out that the statements, with copies of which Mr. Harvey has been furnished, were presented to the Foreign Office by individuals whose truthfulness is not doubted by His Majesty's Government.

8. As a result of those statements the confidence previously reposed by His Majesty's Government in the correct official conduct of Mr. Slater and Mr. Brooks was shaken and, in the circumstances, the continuation of their employment as consular officers in British territory could obviously be of benefit to neither country.

I have [etc.]

CURZON OF KEDLESTON

**SUPPLEMENTARY EXTRADITION CONVENTION BETWEEN THE
UNITED STATES AND GREAT BRITAIN, MAY 15, 1922**

Treaty Series No. 888

*Supplementary Extradition Convention between the United States
and Great Britain, Signed at London May 15, 1922*⁴⁹

The President of the United States of America and His Majesty the King of the United Kingdom of Great Britain and Ireland and of the British Dominions beyond the Seas, Emperor of India, being desirous of enlarging the list of crimes on account of which extradition may be granted under the Conventions concluded between the United States and Great Britain on the 12th July, 1889, and the 13th December, 1900, and the 12th April, 1905,⁵⁰ with a view to the better administration of justice and the prevention of crime, have resolved to conclude a Supplementary Convention for this purpose, and have appointed as their Plenipotentiaries, to wit:

The President of the United States: the Honourable George Harvey, Ambassador Extraordinary and Plenipotentiary of the United States at the Court of His Britannic Majesty; and

His Britannic Majesty: the Most Honourable the Marquess Curzon of Kedleston, K. G., His Majesty's Principal Secretary of State for Foreign Affairs;

Who, after having communicated to each other their respective full powers, which were found to be in due and proper form, have agreed to and concluded the following Articles:—

ARTICLE 1

The following crimes are, subject to the provision contained in Article 2 hereof, added to the list of crimes numbered 1 to 10 in the 1st Article of the said Convention of the 12th July, 1889, and to the list of crimes numbered 11 to 13 in Article 1 of the Supplementary Convention concluded between the United States and Great Britain

⁴⁹ Ratification advised by the Senate June 21, 1922; ratified by the President June 27, 1922; ratified by Great Britain July 10, 1922; ratifications exchanged at London July 28, 1922; proclaimed Oct. 24, 1922.

⁵⁰ Malloy, *Treaties*, 1776-1909, vol. i, pp. 740, 780, and 798, respectively.

on the 13th December, 1900, and to the list of crimes numbered 14 to 15 in Article 1 of the Supplementary Convention concluded between the United States and Great Britain on the 12th April, 1905, that is to say:—

16. Wilful desertion or wilful non-support of minor or dependent children.

ARTICLE 2

The operation of the present Convention is confined to cases in which the offences mentioned in the preceding Article having been committed in the United States or in the Dominion of Canada, the person charged with the offence is found in the Dominion of Canada or in the United States respectively.

ARTICLE 3

The present Convention shall be considered as an integral part of the said Extradition Conventions of the 12th July, 1889, and the 13th December, 1900, and the 12th April, 1905, and the 1st Article of the said Convention of the 12th July, 1889, shall be read as if the lists of crimes therein contained had originally comprised the additional crimes specified and numbered 16 in the 1st Article of the present Convention, subject to the provision contained in Article 2.

The present Convention shall be ratified, and the ratifications shall be exchanged either at Washington or London as soon as possible.

It shall come into force ten days after its publication in conformity with the laws of the High Contracting Parties, and it shall continue and terminate in the same manner as the said Convention of the 12th July, 1889.

IN TESTIMONY WHEREOF the respective Plenipotentiaries have signed the present Convention in duplicate, and have thereunto affixed their seals.

DONE at London, this 15th day of May, 1922.

[SEAL] GEORGE HARVEY

[SEAL] CURZON OF KEDLESTON

DENUNCIATION BY GREAT BRITAIN OF THE TREATY AND CONVENTION BETWEEN THE UNITED STATES AND GREAT BRITAIN FOR THE ABOLITION OF THE AFRICAN SLAVE TRADE

711.419/-

The British Ambassador (Geddes) to the Secretary of State

No. 323

WASHINGTON, April 27, 1922.

SIR: I have the honour, on instructions from my Government, to give formal notice of the denunciation of the Treaty and Convention

between His Majesty's Government and the United States Government for the abolition of the slave trade. In communicating this notice to you, I am instructed to state that this action is taken in accordance with the general policy of His Majesty's Government to abolish all obsolete instruments since the circumstances under which these Treaties were negotiated are now happily past.

I have [etc.]

A. C. GEDDES

711.419/-

The Secretary of State to the British Ambassador (Geddes)

WASHINGTON, June 5, 1922.

EXCELLENCY: I have the honor to acknowledge the receipt of your note Number 323, dated April 27, 1922, by which on instructions from your Government you give formal notice of the denunciation of the Treaty and Convention between the United States and Great Britain for the abolition of the slave trade.

The Treaty for the Suppression of African Slave Trade, concluded between the United States and Great Britain, on April 7, 1862,⁵¹ will as a consequence of the notice of denunciation from your Government and by operation of the provisions of Article XII of the Treaty, as understood by this Government, cease and determine on April 29, 1923, which marks the expiration of one year after the date of the receipt of Your Excellency's note by this Department, and at the same time will cease and determine the Additional Article to that Treaty, concluded on February 17, 1863,⁵² and the Convention for the Suppression of Slave Trade, concluded on June 3, 1870,⁵³ which by provisions of the Additional Article and Article VII of the Convention, respectively, have the same duration as the Treaty of April 7, 1862.

Accept [etc.]

CHARLES E. HUGHES

**FAILURE TO SECURE RATIFICATION OF THE CABLE AGREEMENT
BETWEEN THE UNITED STATES, GREAT BRITAIN, AND ITALY,
SIGNED AT THE PRELIMINARY COMMUNICATIONS CONFERENCE
OF 1920**

(See volume I, pp. 538 ff.)

⁵¹ Malloy, *Treaties*, 1776-1909, vol. I, p. 674.

⁵² *Ibid.*, p. 687.

⁵³ *Ibid.*, p. 693.

GREECE

ATTITUDE OF THE UNITED STATES TOWARD RECOGNITION OF THE GREEK GOVERNMENT¹

868.001 C 76/42

The Chargé in Greece (Caffery) to the Secretary of State

Greek Series No. 946

ATHENS, *March 23, 1922.*

[Received April 21.]

SIR: I have the honor to report that the Prime Minister, Mr. Gounaris, has endeavored to take up with me the question as to the recognition by the United States Government of King Constantine. I told Mr. Gounaris that I was in no way authorized to discuss the question but that I would report to the Department of State the fact that he wished to take it up. He added that the Greek Government was disposed to meet practically any terms of the American Government in this regard, and asked if the American Government would care to stipulate under what conditions the recognition would be considered.

I have [etc.]

JEFFERSON CAFFERY

868.001 C 76/45 : Telegram

The Secretary of State to the Chargé in Greece (Caffery)

WASHINGTON, *May 8, 1922—5 p.m.*

37. Your 56, April 30, 10 p. m.² Department is not yet convinced that the moment has arrived to accord recognition but this matter is being given careful consideration. It is important that the Department should be promptly informed of any indications that the attitude of the Allies toward recognition will be modified.

On February 25 the British Ambassador stated that his Government felt that the present would be an inconvenient moment for the United States Government to recognize Constantine. While the atti-

¹ For previous correspondence, see *Foreign Relations*, 1921, vol. II, pp. 138 ff.

² Not printed.

tude of the Allied Powers is not of course controlling in this matter, in view of other pending questions it must necessarily be taken into consideration.

HUGHES

868.001 C 76/82

The Chargé in Greece (Caffery) to the Secretary of State

Greek Series No. 1030

ATHENS, May 12, 1922.

[Received June 7.]

SIR: With reference to the Department's telegram No. 35, dated April 29 [28], 1922,^a regarding the recognition of King Constantine, I have the honor to report that recently I have been asked whether it would be possible for me to meet, informally and unofficially, King Constantine, as he desired to have an informal talk with me. I have consistently replied to these inquiries that, while under ordinary circumstances I would be delighted to meet King Constantine, under conditions now prevailing, for obvious reasons, the meeting was out of the question.

I have [etc.]

JEFFERSON CAFFERY

868.001 C 76/89 : Telegram

The Chargé in Greece (Caffery) to the Secretary of State

[Paraphrase]

ATHENS, September 27, 1922—8 p. m.

[Received September 28—7:59 a. m.]

129. This morning King Constantine abdicated. Proclamation in his name begs all parties to avoid civil strife and to unite in support of his successor. This afternoon the Crown Prince took oath as George II to maintain the constitution. Revolutionary troops now entering Athens, which is comparatively [quiet]. Machinery of government is considerably disorganized, as revolutionary chiefs have not yet arrived and new Cabinet not formed. There is confusion in statements and programs of leaders. But most of them anticipate that, as Constantine has been sacrificed to conciliate Allied Powers, there will now be a revision of the proposed terms of peace with Turkey. Nevertheless they declare intention in any case to refuse terms and continue the war.

CAFFERY

^a Not printed.

868.00/301 : Telegram

The Chargé in Greece (Caffery) to the Secretary of State

[Paraphrase]

ATHENS, October 26, 1922—8 p. m.

[Received October 27—3:45 a. m.]

150. Venizelists are imputing responsibility for disaster in Asia Minor to their political opponents. On this charge many arrests are being made and executions are demanded. The authorities plan immediate trial of the accused by special court martial. Informal but energetic protests against court martial are being lodged with Minister for Foreign Affairs by most of my colleagues, including British and French, who are also pressing me to make informal and personal representations. I shall not move in the matter, however, without instructions from the Department. Our informal recommendation of a fair trial for the accused might perhaps be effective, as the prestige of the United States is the highest here at present.

CAFFERY

868.00/301 : Telegram

The Acting Secretary of State to the Chargé in Greece (Caffery)

WASHINGTON, November 1, 1922—2 p. m.

76. Your 150, October 26, 8 p. m. and 152 October 27 9 P. M.⁴

You may in your discretion orally and informally indicate to Greek authorities that arbitrary action in the trial or execution of political prisoners in Greece would in your own opinion undoubtedly make an unfortunate impression in this country.

PHILLIPS

868.00/308 : Telegram

The Chargé in Greece (Caffery) to the Secretary of State

[Paraphrase]

ATHENS, November 2, 1922—11 p. m.

[Received November 3—4:36 a. m.]

158. I received a call today from members of the revolutionary committee tendering the thanks of the authorities for help given the refugees by American relief organizations.⁵ They referred also to

⁴ Latter not printed.⁵ See "American Relief Activities on Behalf of Greeks Evacuated from Turkish Territory," pp. 414 ff.

arrest and trial of political prisoners, and solicited my opinion. In reply I explained that an unfortunate impression would be created in the United States if they proceeded to arbitrary measures. I was then given assurance that an order would be issued for release of all political prisoners not actually implicated in disaster in Asia Minor, and that measures would be taken to insure a fair trial for those charged with misconduct.

CAFFERY

868.00/322 : Telegram

The Chargé in Greece (Caffery) to the Secretary of State

ATHENS, November 28, 1922—11 p.m.

[Received November 29—1:24 a.m.]

175. My 169, November 20, 1 p.m.⁶ Yesterday several hundred Venizelist officers presented to revolutionary committee demand for immediate execution of chief political prisoners threatening lives of committee in case of refusal. Therefore trial was rushed through all night and six principal accused were condemned and executed this morning. British representative is sending note to Foreign Office announcing rupture of diplomatic relations and is leaving tonight for London. Counselor left unofficially in charge of British interests.

CAFFERY

868.00/330a : Telegram

The Secretary of State to the Chargé in Greece (Caffery)

WASHINGTON, December 1, 1922—5 p. m.

84. Execution of Greek political leaders has caused a most unfavorable impression in this country and Department fears that it may seriously affect the popular response to appeals which are now being made for the raising of funds to assist in meeting the refugee situation in Greece. While avoiding any statement which might be interpreted as an interference in the internal affairs of Greece, you may in your discretion, either orally or in a personal communication, make this clear to the Greek authorities, indicating that you believe that in their own interests they would desire to avoid further action which would impede the work of relief or embarrass American agencies in their efforts to meet the emergency in Greece.

HUGHES

⁶Not printed.

868.00/340 : Telegram

The Chargé in Greece (Caffery) to the Secretary of State

[Paraphrase]

ATHENS, December 11, 1922—4 p. m.

[Received December 12—3:42 a. m.]

183. Upon receipt of Department's 84 of December 1, I acted at once as directed. Foreign Minister said that your disinterested advice was appreciated; that American opinion about the executions gave the authorities much concern; and that any action which might further alienate American public sentiment would be avoided.

There have since been released some persons who had been imprisoned in order to curb their political activities before the coming elections . . .

But the truth is, nevertheless, that the chief political enemies of Venizelos have all been put to death, and that groups of Venizelist officers in Athens now control the country.

Official disapproval of the executions has been expressed by practically all my colleagues, who are maintaining an attitude of great reserve in their relations with the Foreign Office.

CAFFERY

868.001 C 76/83

The Secretary of State to Mr. George B. Christian, Jr., Secretary to President Harding

WASHINGTON, January 13, 1923.

MY DEAR MR. CHRISTIAN: In accordance with the desire expressed in your letter of today,¹ there is sent to you enclosed a translation of the telegram² from the King of Greece announcing the death of his father, the late King.

As we have of late had no official intercourse with the Greek Government, neither with the present King nor with his father, it would be consistent with our past action to acknowledge the receipt of this communication through the American Chargé d'Affaires at Athens rather than for the President to telegraph an answer in his own name.

I therefore suggest that the following telegram be sent to the Chargé d'Affaires, if it should meet with the President's approval:

¹ Not printed.

"You are directed to say informally to the Minister for Foreign Affairs that the President has received a telegraphic communication from the King, announcing the death of his father, and to express suitably, under the circumstances, the condolences of the President."

I am [etc.]

CHARLES E. HUGHES

**AMERICAN RELIEF ACTIVITIES ON BEHALF OF GREEKS EVACUATED
FROM TURKISH TERRITORY***

767.68/274 : Telegram

The Consul General at Smyrna (Horton) to the Acting Secretary of State

SMYRNA, September 2, 1922—4 p.m.

[Received 11:50 p.m.]

Military situation extremely grave owing to exhaustion and low morale of Greek forces. Ushak and Kutay Aintab [*Kutaya and Aidin*?] were evacuated and burned yesterday. First army corps badly demoralized has retired to position west of Ushak. It has been joined by second corps which narrowly escaped being [captured?] by making wide detour. This force is now barring Turkish advance on Smyrna but is not dependable. Third army corps is at Eskishehir but will probably soon evacuate and burn the town. Reenforcing division expected to-day and others soon. My opinion is that situation is so serious that it cannot now be saved. Panic spreading among Christian population foreigners as well as Greeks and many are trying to leave. When demoralized Greek Army reaches Smyrna serious trouble more than possible and threats to burn the town are freely heard. In view of the above I respectfully request that cruiser be despatched to Smyrna to protect consulate and nationals.

HORTON

767.68/276 : Telegram

The Consul General at Smyrna (Horton) to the Acting Secretary of State

SMYRNA, September 4, 1922—noon.

[Received September 5—12:45 a.m.]

Following telegram has been sent to Admiral Bristol:

"September 4, noon. Refugees pouring into Smyrna and panic increasing. In interests of humanity and for safety American inter-

* For other correspondence concerning the protection of minorities in Turkey, see pp. 919 ff.

ests beg you to mediate with Angora Government for amnesty [*sic*] sufficient to allow Greek forces to evacuate. Amnesty will avoid possible destruction of Smyrna, which may result from blowing up of ammunition dumps and acts of mutinous and demoralized Greek soldiers. Greek High Commissioner last night authorized me verbally to take steps towards mediation. I repeated my request for one or more naval units. British Consul General informs me that he has telegraphed in the same sense to his High Commissioner. Horton."

HORTON

767.68/274 : Telegram

The Acting Secretary of State to the Consul General at Smyrna (Horton)

WASHINGTON, September 5, 1922—4 p. m.

Your September 2, 4 p. m. Substance has been sent through Navy Dept. to Admiral Bristol, with authorization to send destroyers, since no cruisers available, to Smyrna to assist in care of American lives and property, it being clearly understood that sending war vessels is solely for such protection of Americans and not intended as taking part in any naval or political demonstration.

PHILLIPS

767.68/276 : Telegram

The Acting Secretary of State to the High Commissioner at Constantinople (Bristol)

WASHINGTON, September 5, 1922—4 p. m.

113. Reference telegram of September 4, noon, from the American Consul at Smyrna to you repeated to the Department.

Department is not inclined to do more than send destroyers to Smyrna to assist in protection of American lives and property. The situation would not appear to justify this Government assuming the role of voluntary mediator.

PHILLIPS

868.48/83 : Telegram

The High Commissioner at Constantinople (Bristol) to the Acting Secretary of State

CONSTANTINOPLE, September 6, 1922—noon.

[Received 10:25 p.m.]

168. For American Red Cross. Conditions in Smyrna owing to military situation may create serious disaster. I have received from

British High Commission request for assistance to refugees. I had meeting of representatives of American relief and benevolent institutions in Constantinople and we have organized disaster relief committee for Smyrna situation with members of these institutions and of commercial interests. Major Davis as special member of disaster relief committee with medical unit will proceed by destroyer to Smyrna and study situation and make recommendations. Locally there are no funds available for relief work Smyrna. I earnestly request that I be informed by cable that this chapter has been authorized to draw on headquarters for funds on condition that they will be utilized only if the necessity arises. I suggest that fund of \$50,000 be made immediately available for this chapter. I am sending this message in code in order that it may not be advertised at large that we intended to undertake relief work in Smyrna and for the same reason I recommend that no funds be allotted by the Red Cross to other institutions for this work. I will use all my influence to have Allies contribute full share for any necessary relief in Smyrna. I will keep you informed of any proposed expenditure.

BRISTOL

868.48/83 : Telegram

The Acting Secretary of State to the High Commissioner at Constantinople (Bristol)

WASHINGTON, September 8, 1922—6 p.m.

116. Your 168, September 6, noon, has been communicated to Red Cross. Department had already received urgent appeal from Smyrna, which had been presented to Red Cross and Near East Relief with suggestion that they cooperate in meeting the emergency. Replies have now been received from both. Red Cross intimates, provisionally and before receipt of your 168, that in absence of Chairman and in view of arrangement with Near East Relief as to respective spheres of action, further consideration will be necessary. Near East Relief says that Constantinople office has been authorized to contribute to the value of \$25,000 and that Red Cross is being urged to consider Smyrna emergency as within its proper sphere.

PHILLIPS

868.48/87 : Telegram

The Chargé in Greece (Caffery) to the Acting Secretary of State

ATHENS, September 8, 1922—6 p. m.

[Received September 9—9:11 a. m.]

111. Acting Minister for Foreign Affairs called on me today to make urgent appeal to the Government of the United States to help

save 500,000 refugees he says are congregated in Asia Minor ports. He states Greek Government willing to receive these refugees but Greek vessels now employed evacuating Greek troops from Asia Minor and Greek Government has no boats to bring refugees to Greece and no food or tents for them therefore Greek Government appeals urgently for ships and food and tents. Same appeal made to Allied representatives here. French and Italian representatives believe attempt should be made by Allies to organize protection and relief refugees in Asia Minor ports as they consider their transportation to Greece now impracticable. British representative transmitting appeal to London.

CAFFERY

767.68/206 : Telegram

The Consul General at Smyrna (Horton) to the Acting Secretary of State

SMYRNA, September 8, 1922—10 p. m.

[Received September 9—12:22 a. m.]

Turkish forces expected to arrive tomorrow night or morning after. Please telegraph urgently what will be my relations if any with the Kemalist military or civil authorities.

HORTON

767.68/206 : Telegram

The Acting Secretary of State to the Consul General at Smyrna (Horton)

WASHINGTON, September 9, 1922—4 p.m.

Your September 8, 10 p.m.

You will bear in mind that your Government recognizes the existing regime neither in Greece nor in Asia Minor, and that diplomatic relations with the Sublime Porte have not been resumed. Nevertheless for practical reasons it will be advantageous for you to remain unofficially at your post as an American Consul without exequatur and as a delegate of the High Commissioner at Constantinople. Vice Consul Imbrie has a similar status at Angora, and in case of necessity you will so remind the local authorities. If difficulties arise report to the Department as well as to the High Commissioner at Constantinople, to whom the substance of this instruction is being sent for his information and guidance.

PHILLIPS

787.68/297 : Telegram

*The High Commissioner at Constantinople (Bristol) to the Acting
Secretary of State*

CONSTANTINOPLE, September 9, 1922—5 p.m.

[Received 9:23 p.m.]

171. Smyrna situation most alarming. Greek troops in panic and pouring into city. Population fears violence between time Greek troops ordered to evacuate and temporary arrangements of Turks. Repeated threats by Greek officers to burn town. Aidin and Nazilli already burned. On September 6th American, English, French and Italians consuls telegraphed Greek Minister of War, Theotokis, asking for assurances Smyrna would not be burned or pillaged. Theotokis replied he could give no such assurances. Greek fleet left Smyrna Friday afternoon. Greek administration of city ceased 10 o'clock p.m. Friday and Allies took over city. Allied consuls will meet Mustafa Kemal at Kasaba to-day to arrange for surrender of Smyrna. Greek High Commissioner Sterghiades taken on board *Iron Duke*. Greek general headquarters withdrawn to Chesme, opposite island of Chios. British withdrawing women and children. Three United States destroyers now at Smyrna. My chief of staff, Captain Hepburn, in charge. Reports from Mudania indicate possibility Brousse burning and Greek evacuation being extremely likely.

Request copy of this cable be given immediately Military Intelligence, War Department.

BRISTOL

787.68/302 : Telegram

*The High Commissioner at Constantinople (Bristol) to the Acting
Secretary of State*

CONSTANTINOPLE, September 10, 1922—5 p.m.

[Received 6:15 p.m.]

173. Smyrna occupied by Mustafa Kemal. Constantinople comparatively tranquil and Allied authorities apparently have situation well in hand. Some minor disorders last night due to intense enthusiasm and excitement local population.

Following from Near East Relief and Red Cross representatives at Smyrna repeated for the Department's information.

"Refugees estimated at 150,000 at present about 20 percent need sporadic assistance. Expected in week food supply will be desper-

ate as all food supplies reach city by sea. As imports have ceased, unless immediately reopened, entire population of 700,000 face starvation. All necessary supplies here except food, therefore flour and milk will be most needed. No other relief work under way contemplated except American committees. Greeks did not burn their supplies but threw them open to population; these stores therefore [dissipated?]. No evacuation of refugees by Greek Government, therefore only those able to secure commercial passage have left. Have conferred with General Murcelle Pasha, senior Turkish officer present, who welcomes our relief offers and promises assist and he states within 2 days city will be fully occupied and patrolled by sufficient troops to allow imports without risk. Signed Davis and Jaquith."

BRISTOL

868.48/87 : Telegram

The Acting Secretary of State to the Chargé in Greece (Caffery)

WASHINGTON, September 11, 1922—5 p. m.

63. Your 111 September 8, 6 p. m. and 112 September 9, 10 a. m.* Continue to keep Department fully informed of development of situation in Greece. Detailed information regarding Smyrna situation has been communicated to Red Cross and Near East Relief and latter has already made available \$25,000 for assistance to refugees. These organizations are now consulting regarding possible cooperation to assist other agencies to meet emergency in Asia Minor and Department will advise you of any decisions which may be reached.

This information is for your confidential guidance only lest expectation of American relief should incline Greek Government to relax its own efforts toward meeting refugee problem.

PHILLIPS

868.48/83 : Telegram

The Acting Secretary of State to the High Commissioner at Constantinople (Bristol)

WASHINGTON, September 12, 1922—5 p. m.

119. Your 168, September 6, noon.

Following from Hill, American Red Cross:

"Your cables. Cannot determine course of action until Davis' reports received together with information as to International Relief

* Latter not printed.

measures contemplated. From meager reports available only action by government authorities could adequately relieve situation. AmCross ready expend \$25,000 as direct contribution for temporary emergency work on the ground. For record would prefer separate accounting direct to headquarters. Hill."

You may draw on Department for \$25,000 which has been deposited by Red Cross for relief work as above indicated.

PHILLIPS

868.48/92 : Telegram

The High Commissioner at Constantinople (Bristol) to the Acting Secretary of State

[Paraphrase]

CONSTANTINOPLE, *September 13, 1922*—1 p. m.

[Received 10:13 p. m.]

179. The Department's attention is earnestly called to the extreme gravity of the condition of refugees at Smyrna and elsewhere, and to the attitude which the Allies assume toward the situation.

It is estimated that a total of 300,000 are entirely destitute. Situation extremely critical owing to approach of season of rain and cold. It is probably useless for these people to attempt to return to their homes. Their villages have been destroyed, and they would face hostility of Turkish population which witnessed devastations of Greek army. All reports agree that to send refugees back would be sheer murder.

The Greeks and Allies appear to avoid responsibility and to assume that Americans will take over situation. I was asked by the British High Commissioner, on September 5, to take charge of situation through our relief agencies. He has never indicated what measures of relief would be adopted by the British or other Allies, although I asked to be informed on that point.

General Harington¹⁰ sent representatives yesterday to inform me of desperate plight of refugees at Rodosto in Thrace who had been evacuated from Mudania. He asked whether help could be sent to them by American relief agencies. I told Harington's representative frankly that I felt obligation rested upon Greeks and Allies to undertake that task. When I was told that the British had no organization

¹⁰ Allied Commander at Constantinople.

for that purpose I replied that the time had come to form one, and that neither had we an organization for that purpose.

If American relief agencies should enter upon wide measures of relief in the present emergency, as seems probable, I earnestly recommend that Department assist them by urging upon the Allied Governments their responsibility for a share in the task.

BRISTOL

767.68/319 : Telegram

The High Commissioner at Constantinople (Bristol) to the Acting Secretary of State

CONSTANTINOPLE, September 14, 1922—noon.

[Received 5:10 p.m.]

181. Wireless just received from my chief of staff at Smyrna states city is burning and that all American naturalized citizens and that women of native born Americans have been evacuated to Athens on destroyer *Simpson* in charge of Consul Horton. No details are given.

BRISTOL

868.48/95 : Telegram

The High Commissioner at Constantinople (Bristol) to the Acting Secretary of State

CONSTANTINOPLE, September 14, 1922—1 p.m.

[Received 5:35 p.m.]

183. Following delayed telegram from Davis repeated for information of Department and American Red Cross:

"Eleventh. In interview today with Nouredin Pasha, commander of Turkish forces Smyrna, placed before him in name of American committee your views regarding restoration of refugees to their homes immediately under full protection to life and property. He replied that complete destruction of country by retreating Greek Army made this forever impossible and refugees must leave country or be taken away, frankly stating safety of life could not be assured. Believe this is final decision Nationalist Government as solution of race problem. This opens large question with many pros and cons and do not feel prepared to comment at this time but it makes certain the need of large relief work here. Representatives of American institutions and business men cooperating splendidly and immediate needs of refugees being covered. Davis."

BRISTOL

868.48/96 : Telegram

The High Commissioner at Constantinople (Bristol) to the Acting Secretary of State

CONSTANTINOPLE, September 14, 1922—2 p. m.

[Received 6:10 p. m.]

184. Following from Davis repeated for the information of Department and American Red Cross:

"Twelfth. Only way to picture this refugee situation imagine refugees, some single, families, groups few to five thousand hidden in institutions or huddled here, there, moving, panic stricken, when irregulars begin shooting them. We are urging authorities to protect and place them in camp. These answer will do so but animosity of troops so great difficult and urge us place before foreign governments necessity of taking them away. Until this done one of worst refugee problems possible contemplate will continue here. Authorities say have not enough food for army so unable to help feed refugees. Unable as yet report on situation on islands probably can soon. Grave. Davis."

Latest information from Mudania to the effect refugee situation here [*there*] fully as bad as Smyrna.

BRISTOL

767.68/320 : Telegram

The High Commissioner at Constantinople (Bristol) to the Acting Secretary of State

CONSTANTINOPLE, September 14, 1922—5 p.m.

[Received 6:20 p.m.]

182. My 181, September 14, noon. Following from Smyrna:

"Fire started 1 p.m. 13th in Armenian quarter, European section town almost completely destroyed, Consulate completely destroyed. Codes, funds and important documents saved. Consul searching for temporary quarters. Fire still raging, all American-born accounted for, 10 at Paradise with American and Turkish guard, 14 naturalized Americans missing. All men-of-war in harbor loaded with refugees. *Edsall* sailed 8 a.m. for Salonika with 600, *Winona* sailed 4 p.m. today for Piraeus carrying about 400 refugees consisting of scholars, employees and attendants of American benevolent, business and consular organizations. Upon return *Edsall* propose send *Litchfield* Constantinople. Signed Hepburn."¹¹

BRISTOL

¹¹ Capt. A. J. Hepburn, senior U. S. naval officer at Smyrna.

868.48/99 : Telegram

The High Commissioner at Constantinople (Bristol) to the Acting Secretary of State

CONSTANTINOPLE, September 15, 1922—4 p.m.

[Received September 15 (16?)—3:10 p.m.]

186. Following from Smyrna repeated for the Department's information:

"14th. Recommend Allies be urged to bring strong pressure to bear on Greece forcing her to accept refugees in Thrace or Macedonia. Conduct of Greek troops during retreat has rendered their locating in Asia Minor impossible. At same time immediate decision should be requested regarding transportation via Allied warships and transports, estimated number 300,000. Hepburn."

BRISTOL

868.48/96 : Telegram

The Acting Secretary of State to the Ambassador in Great Britain (Harvey)

WASHINGTON, September 15, 1922—5 p.m.

290. Reports from Admiral Bristol dated September 13 and 14 indicate that refugee situation at Smyrna and ports on Sea of Marmora is most critical with 300,000 destitute refugees at Smyrna and 40,000 without food, shelter or even water at Mudania and similar conditions at Rodosto. He telegraphs that British High Commissioner had requested him to care for Smyrna situation through American relief organizations and in reply to inquiry failed to give indication that relief measures by Greece or Allies would be adopted. General Harington has also asked whether American relief would care for refugees in Rodosto.

Admiral Bristol informed Harington, and Department entirely concurs with his views, that he considered it the duty of Allies and Greece to undertake their share of the task.

American Red Cross and Near East Relief have made available \$25,000 each with emergency supplies and equipment which are being administered in Smyrna through representatives of these organizations.

Following telegram is being sent to Admiral Bristol:

"Your 184 September 14 2 p. m. and all previous cables carefully considered. After consulting fully with American Red Cross and Near East Relief Department is of opinion that situation clearly

beyond the scope of any private charity, only government action by Allies with aid of transport for possible evacuation refugees can bring about adequate relief. American private relief organizations ready to cooperate to help meet immediate emergency if some plan for adequate relief is developed and put into operation at once. Private relief feels that it would be idle even to attempt temporary ameliorating of situation unless permanent cure in sight. All money available could be used up in first 2 or 3 weeks and situation would be just as pressing at the end of that time unless this breathing spell were used to put into action some comprehensive scheme to reduce and ultimately solve the problem. America anxious to help but feels responsibility clearly on governments which have equipment and military and naval organizations on the ground that can be put to work.

Without assuming any commitments Department desires you in consultation with your Allied Colleagues and their military and naval representatives to draw up and submit immediately a joint and comprehensive plan for Smyrna emergency.

This telegram is being repeated to London, Paris and Rome for the information of those Governments."

Communicate above orally to British Foreign Office and repeat to Paris as 284 and Rome as 135 for similar action.

PHILLIPS

868.48/113 : Telegram

The High Commissioner at Constantinople (Bristol) to the Acting Secretary of State

[Paraphrase]

CONSTANTINOPLE, September 18, 1922—7 p.m.

[Received September 19—6 a.m.]

190. Department's telegram 122 of September 15, 5 p.m.¹² The following message was received from Smyrna:

"September 15. After conference with prominent British, French, Italian, and American naval officers now at Smyrna, it was decided that the only solution is the evacuation of refugees. Accordingly the Italian Admiral will try to get permission from Kemal for Greek ships to enter Smyrna harbour for evacuation. Need for immediate evacuation is also being brought to attention of home governments. In event Kemal refuses, the thing to avoid is delay in action. Estimate 150,000 refugees to be evacuated."

¹² Text quoted in telegram no. 290, Sept. 15, to the Ambassador in Great Britain, p. 423.

The naval representatives at Smyrna arrived at this decision after several conferences initiated by Captain Hepburn, my chief of staff, when it began to appear that attitude of Allied navies present was to take no action to meet the emergency. Have encountered same disposition in British High Commissioner (see my 179 of September 13, 1 p.m., and my despatch 433 of September 13¹³). In accordance with Department's telegram referred to above, I will await results of this conference before taking further steps to confer with my colleagues lest Smyrna negotiations be delayed by action here. If agreement cannot be reached with Turks, and Smyrna negotiations are delayed, I will then approach Allied colleagues on question of meeting situation at Smyrna by joint and comprehensive plan.

Last night the French High Commissioner, General Pellé, left unexpectedly for Smyrna in company of French Admiral, who had arrived here only an hour before their departure.

I am entirely in accord with Department's view that private charity is quite unequal to the situation. Necessity for relief in regions devastated by retreating Greek forces is evident from reports of my officers in Brousse area and reports from other sources. American relief activities should be restricted, in my opinion, to Anatolia in giving aid to refugees awaiting evacuation, and the task of evacuating these refugees and providing for them at their ultimate destinations should be urged upon Greek and Allied Governments. It is probable that transporting and settling refugees will require protracted relief and that there will be little prospect of early remedy of situation. Conditions in Smyrna and Mudania districts have been ameliorated by unofficial operations already under way. The Allies should be brought to see responsibility not only for relief of refugees but also for prevention of even more serious occurrences. Not only do they have at hand naval and military organizations and equipment useful in relief operations, but they are also in some sense responsible for the present lamentable state of affairs. Kemal's threat to advance against Constantinople is causing apprehension in the city, and it would take very little to create a panic. In considering local situations at Mudania and Smyrna, the possibility of a far greater disaster should also be kept in mind.

I shall be careful to inform Department fully of further action taken under instructions received from Department.

BRISTOL

¹³ Latter not printed.

868.48/96 : Telegram

The Acting Secretary of State to the High Commissioner at Constantinople (Bristol)

WASHINGTON, September 19, 1922—3 p.m.

133. Department's 122 September 15, 5 p. m.¹⁴ and 131 September 19, 10 a. m.¹⁵

Press reports today indicate that only relief work being carried on in Smyrna is by Near East Relief, Red Cross and your destroyers and that only foreign forces ashore are American sailors. Please confirm this report and advise Department immediately (1) what relief stores are available for distribution if funds were forthcoming; (2) whether any provision could be made for caring for refugees in Greece or the Aegean Islands if facilities for evacuation were at hand.

Advise Department frankly and fully of facilities which you need in order that this Government may do its full part and more if necessary in helping to meet tragic situation at Smyrna as described by press reports received yesterday and today.

PHILLIPS

868.48/114 : Telegram

The High Commissioner at Constantinople (Bristol) to the Acting Secretary of State

CONSTANTINOPLE, September 19, 1922—4 p.m.

[Received 9:05 p.m.]

192. Referring to my telegram number 190, September 18, 7 p.m. Following from Smyrna repeated for the Department's information:

"Seventeenth. Official proclamation by the Turks. Refugee men from 18 to 45 prisoners of war. All others may be evacuated up to October 1st. Deportations continuing. Disorder still prevalent. Case of shooting witnessed on water front stopped. Americans continuing coming in city. Four to-day. All on board excepting American Consul and two Blackler women at Budja orphanage. Relief committee ashore during the day. Fifty thousand in readiness for evacuation north end of city. Relief again organized. Turks furnishing hard-tack to certain extent; fire still burning but not considered dangerous. *Edsall*".¹⁶

BRISTOL

¹⁴ Text quoted in telegram no. 200, Sept. 15, to the Ambassador in Great Britain, p. 423.

¹⁵ Not printed.

¹⁶ The U.S.S. *Edsall*.

868.48/115 : Telegram

The High Commissioner at Constantinople (Bristol) to the Acting Secretary of State

CONSTANTINOPLE, September 19, 1922—3 p. m.

[Received 9:44 p. m.]

193. Referring my telegram number 192, September 19, 4 p. m. Following repeated from Smyrna for the Department's information.

"Eighteenth. Italian Admiral conferred with Kemal who said would not take responsibility allow Greek ships Smyrna. He will ask Government and inform Admiral. Military Governor and staff left with regiment; new Governor Colonel Madja Bey. American citizen Mr. Tara killed about 4 days ago at his house; will bury to-day. U.S.S. *Edsall*".

BRISTOL

868.48/118 : Telegram

The High Commissioner at Constantinople (Bristol) to the Acting Secretary of State

CONSTANTINOPLE, September 20, 1922—6 p.m.

[Received September 21—3:10 a.m.]

194. Department's 131, September 19th.¹⁷ See my telegram 190, September 18th. Department's 122, September 15 was garbled and thus delayed in transmission.

Yesterday government officers conferred with Italian and British High Commissioners; French High Commissioner is in Smyrna. I met with no encouragement for drawing up joint plan for Smyrna emergency. Therefore, in the meantime having received information that refugees could be evacuated from Smyrna, I directed our destroyers to assist in every way possible and another destroyer will be despatched as soon as possible to assist in this work.

At Italian High Commission I was assured that the high commissioners would take up the question of the Smyrna emergency at their meeting in the afternoon and I was authorized to convey this information to the British High Commissioner and when I saw him he stated he did not know there was to be a meeting in the afternoon. The Italian High Commissioner stated he had just received a telegram from his Government with reference to the Department's telegram 122, but there were no instructions so he would have to wait for further instructions. I pointed out that the necessity for prompt action was imperative and requested that the Allied High Commis-

¹⁷ Not printed.

sioners inform me as soon as possible their decision in regard to evacuating these refugees and the place to which they should be evacuated as these were the political questions that only the Allies could decide. I was asked to make a suggestion and I pointed out that I could not presume to do this and [gave expression?] to the desire to have a permanent curiosity [*settlement?*] as a result of action taken. In the same manner I asked what steps the Allies would take for the relief of these refugees and I was informed it was hoped the United States would step forward in her usual bountiful way and provide the necessary relief. I remarked that we had already spent \$70,000,000 here on refugees and the situation steadily got worse with more refugees and we could not continue to assume such obligations without any end in sight. However, I was sure that we would cooperate with the Allies to take care of that situation.

At the British High Commission I was informed that no instructions in accordance with Department's 122 had been received and without such instructions action could not be taken. I have noted the substance of the aforesaid despatch and discussed the situation. In this discussion and merely as information I was informed that the Greek patriarch had applied to Rumbold¹⁸ to feed 50,000 refugees at Rodosto for ten days until other means of relief could be provided. Rumbold had conferred with the military and naval commanders who had no provisions for this feeding and so he informed the patriarch that he could do nothing for these refugees at Rodosto. He had informed his Government of the action taken and they had approved. He went on to explain that on account of the great economy required of his Government they could not take up any such question of relief work where money was involved.

The relief committee of our chapter met with me today and we decided to continue our emergency relief work at Smyrna and to send a relief unit to Rodosto for immediate relief and report further relief necessary. The Armenian and Greek Patriarchs are to be requested to send ships as soon as possible to evacuate refugees from Smyrna. They are also to be informed that our relief measures are only to cover the present emergency and we will expect them to provide beyond this for the Greek and Armenian refugees. Thus Greek ships that cannot enter Smyrna will be loaded by destroyers at Mytilene or some other island near by. We are taking up the question of utilizing Ship[ping] Board ship or other vessels that may be available. The refugees have all been evacuated from Moudania and we have sufficient supplies for the immediate necessities at Smyrna. The Turks are evacuating the refugees from Smyrna into

¹⁸ Sir Horace Rumbold, British High Commissioner at Constantinople.

the interior. We have no information as to what is being done with these refugees. We will attempt to follow up these refugees and render assistance if necessary. Later there will undoubtedly be necessary relief work amongst Allied [*Anatolian?*] inhabitants in those areas that were devastated by the Greek Army during its retreat. Our committee of which the members are representatives of all the American institutions, agree that immediate relief measures should be taken to meet the present situation but with the understanding that Greece and the Allies should be induced to assume all future responsibility for the relief of these refugees and final disposition of them. It is our belief that our American people should not be induced to contribute money to relieve Greece and the Allies of their responsibility. However, we should receive full support for the emergency relief that we are now carrying out. Without waiting for the Allies to act and in view of the unexpected evacuation of refugees to the interior from Smyrna, we will take all possible steps to meet the present emergency and the latter facts induced me to give orders to use the limited number of destroyers I have available to assist in the evacuation.

I will see General Pellé as soon as he returns and follow up Rumbold and Garroni¹⁹ to draw up a joint plan for future action.

BRISTOL

868.48/117 : Telegram

The Chargé in Greece (Caffery) to the Acting Secretary of State

ATHENS, September 20, 1922—10 p. m.

[Received September 21—3:25 a. m.]

119. High Commissioner Constantinople telegraphs: "Impossible Near East Relief send unit as all its resources devoted to Smyrna situation at present. I consider responsibility for care of refugees after they leave Asia Minor rests solely on Greek Government and Allies." These destitute refugees being landed daily Greek territory. Greek Government and organizations helping them but task is much too big. Money and food badly needed. I recommend urgently American relief organizations send assistance to Greece.

Greek Government giving some supplies Armenian children here from American Smyrna missionary institutions and Queen has offered villa for American Smyrna refugees.

CAFFERY

¹⁹ Marquis C. Garroni, Italian High Commissioner at Constantinople.

868.48/118 : Telegram

*The Acting Secretary of State to the High Commissioner at
Constantinople (Bristol)*

WASHINGTON, September 21, 1922—7 p. m.

140. Your 194 September 20, 6 p. m.

Department summarizes for your confidential information steps which have been taken to prepare for more extended emergency relief work in Near East:

(1) The President has asked Congress to appropriate \$200,000 for the relief and possible repatriation of destitute American citizens.

(2) In addition to \$25,000 already advanced, American Red Cross has informally indicated willingness to make further advance possibly to a total of \$100,000.

(3) Near East Relief has addressed general appeal throughout the country for an emergency fund and in addition to funds resulting from this appeal will probably be able to make advances to possible total of \$200,000.

(4) Rockefeller Relief has been approached and there is prospect of advances from this source.

(5) Efforts are being made towards organization of a Committee in New York to centralize all American relief work for this particular emergency.

(6) American Relief Administration is communicating with its Moscow representative with a view to ascertaining whether food cargo on S. S. *Clontarf* en route to Odessa and possibly now in the Mediterranean could be turned over for Smyrna relief if funds to purchase cargo were available.

(7) Young Men's Christian Association has advanced \$10,000 and there is possibility of further advances.

The above is tentative for your personal guidance alone and does not indicate final commitments of these various organizations but will give you an idea of the efforts which are being made in this country to meet the situation. The Department is concentrating its efforts on (1) immediate relief and repatriation of Americans; (2) centralizing and coordinating relief of various private agencies; and (3) keeping these agencies fully informed of the activities of your committee.

Success of the Department's efforts will depend largely upon full information from you as to exact problem which must be met, the facilities which are now available for meeting it and your needs for the immediate future.

Department concurs in your recommendations that American efforts should be immediately concentrated on evacuation and care of refugees during and previous to such evacuation but desires at the same time to be kept fully informed of status of these refugees after

evacuation has been carried out in order that it may help to guide relief societies in defining their policy.

Department is still hopeful that you will succeed in drawing up with Allies a general plan for relief but in absence of such a plan you will submit as specific information as is possible as to what you need to cope with the situation.

PHILLIPS

868.48/129 : Telegram

The High Commissioner at Constantinople (Bristol) to the Acting Secretary of State

CONSTANTINOPLE, September 22, 1922—10 a. m.

[Received 8:10 p. m.]

202. Department's telegram no. 133, September 19, 3 p. m. See my telegram 194, September 20, 6 p.m.

Department is being promptly, freely and frankly advised as it is possible under the present ever rapidly changing conditions. I sympathize with the Department's anxiety for news and desire that our Government take its part to relieve this tragic situation. The situation changes so rapidly and completely from day to day that it is practically impossible to give any comprehensive plan for relief. Thus we have attempted to meet the situations as they have arisen and have done so with much success. Just at present we have sufficient relief stores available to meet the situation and the flour situation in Constantinople is good. For the present our funds are sufficient. We received information they are ready to receive refugees at Saloniki and Cavalla without limit to number, also five or six hundred can be sent to each of several islands in the Aegean Sea. The Greek Government in order to care for these refugees may require additional funds. If Greece were to demobilize her army including the army in Thrace she could devote such war expenses to her demobilized troops and the refugees that she has created devastating Anatolia. If Greece should demobilize and place herself on a peace [footing] I should strongly recommend assisting her with funds to care for her demobilized army and her refugees from Anatolia. This will provide that the Greek Government could handle all relief work in her own country and our relief organizations would not be drawn into operations in Greece that would mean large expenditures of money and with more or less permanent activities.

Referring to previous correspondence on the 7th instant which stated critical situation developed in Smyrna I had meeting of the

Disaster Preparedness Committee and we organized a Disaster Relief Committee for Smyrna. That committee proceeded to Smyrna on same destroyer as my chief of staff, Captain Hepburn, who was to use our naval forces to assist that committee. Major Davis representing our chapter and Mr. Jaquith representing Near East Relief, went to Smyrna and the representatives there of the Y. M. C. A., the Young Women's Christian Association and of the American Foreign Missions Board became members of this committee and further members amongst American business men were selected to serve on the committee. Thus there has been in Smyrna a Disaster Relief Committee representing all American interests that have been carrying on relief work. Funds were raised locally in addition to funds supplied by the Near East Relief and the Red Cross and other American institutions. Other nationalities have not organized any relief work in Smyrna. Another similar committee was organized and sent to Moudania and Brousse and rendered emergency relief and assisted to evacuate all refugees. The Greek and Armenian Patriarchs furnished vessels and the French military forces landed in Moudania and French naval vessels rendered assistance in evacuating refugees.

Another committee was sent today on sub-chaser to Rodosto to render immediate relief and make investigations for further action. It is tentatively proposed to evacuate the refugees from there to Cavalla and Salonica and this place may become a sphere of future military operations. This evacuation would take place after the Smyrna situation is cleared up. I saw Hamid Bey today and urged him in the strongest way to protect refugees at Smyrna. I am making plans to protect Americans and American interests in Constantinople against any untoward eventualities.

BRISTOL

868.48/117: Telegram

The Acting Secretary of State to the Chargé in Greece (Caffery)

WASHINGTON, September 22, 1922—7 p. m.

66. Your 119, September 20, 10 p.m.

Bristol recommends that immediate American relief activities be concentrated on evacuation of refugees and caring for these refugees prior to and during evacuation. Department concurs with these recommendations but is keeping both Near East Relief and the American Red Cross informed regarding conditions of refugees after their evacuation to Greece and desires you to report fully in this regard. Meanwhile Department understands that American Red Cross has received appeal directly from Greek Red Cross which

is being considered and that Near East Relief is contemplating possible extension of its work to Greece.

You will readily appreciate that the Department cannot urge American relief societies to assume what might be an indefinite obligation to care for refugees after their evacuation from Anatolia and is inclined to agree with Admiral Bristol that responsibility in this regard rests primarily upon Greece and the Allied Governments. Bristol is being instructed to repeat to you, for your confidential information only, Department's 140, September 21, 7 p. m., summarizing efforts which have been made here to organize emergency relief work.

Repeat this telegram to Constantinople as Depts 144.

PHILLIPS

868.48/141 : Telegram

*The High Commissioner at Constantinople (Bristol) to the
Secretary of State*

CONSTANTINOPLE, September 25, 1922—5 p. m.

[Received September 26—3:40 a. m.]

217. I had a conversation with my Allied colleagues this morning, Rumbold, Garroni and Pellé. Rumbold informed me that the British were sending 15 ships immediately to Smyrna to assist in the evacuation. His Government has offered to subscribe 50,000 pounds sterling on condition that other nations contribute; also 100,000 francs have been immediately donated to be used by [Nansen] for immediate relief. The British, French and Italians have no funds here at their disposal for immediate relief. Garroni and Pellé thought that enough ships were provided for evacuation purposes and they do not contemplate sending any ships. Garroni and Pellé stated they would ask their Governments for funds to provide emergency rations for evacuation purposes. I informed my colleagues that our relief organizations had chartered two ships to assist in evacuation and American merchant vessels were being diverted to Smyrna for the same purpose and we would consider obtaining other ships to assist in evacuation. I informed them that we had a Disaster Relief Committee in Smyrna which represented all of our relief organizations in this part of the world and they were rendering immediate relief in the form of emergency rations and in obtaining shipping for evacuation; and that we were at present issuing 20,000 rations per day in Smyrna. I stated that we had funds from our private relief organizations to assist in this work but did not consider it necessary to give them detailed information

of funds available however I did inform Rumbold that I had received a telegram badly garbled but which indicated that our Government had appropriated funds for relief purposes. I also informed him that through our influence 10 Greek vessels were in Smyrna by permission of the Turkish Mussulman authorities and engaged in evacuating refugees as fast as possible. In order to expedite evacuation these refugees were being taken to Mytilene Island, also that our destroyers were assisting in this evacuation. I pointed out the necessity for immediate action in evacuating these refugees from Smyrna before the time limit October 1st set by the Nationalist authorities after which no refugees could be evacuated. I stated that we had received unofficial information that Greek Government would receive refugees at Salonica and Cavalla without limit, and limited numbers on several islands in the Aegean Sea; and at the present time there were 80,000 refugees on the island of Mytilene that should be evacuated to Salonica and Cavalla or other Greek ports.

The conference decided unanimously to instruct our naval representatives at Smyrna to approach the Nationalist authorities and obtain permission to extend time beyond October 1st for the evacuation of the refugees; to expedite all evacuation measures and for this purpose to evacuate to Mytilene Island and later to Cavalla, Salonica and other Greek ports. It is necessary to have ships provisioned to feed refugees in passage during evacuation and Rumbold undertook to give the necessary directions to British vessels. I stated that we were sending bread and flour to Smyrna, Rodosto and Mytilene and pointed out the difficulty of baking bread in these places and thus the necessity for sending bread. It was decided that our naval representative[s] in Smyrna should be instructed to cooperate in carrying out the evacuation from Smyrna with the greatest dispatch and later the evacuation from Mytilene to the mainland and they should inform us of steps taken and the necessity for immediate rationing and relief of these refugees until they are landed in Greece. It was agreed that in accordance with the probability [that] oriental Thrace might be returned to Turkey that the Greek refugees in Silivri, Eregli and Rodosto should also be evacuated later.

It was agreed that the question of necessary relief and disposition of refugees in Greece should be handled by the Greek Government and other nations interested. Rumbold informed me on the side that funds for relief work would probably have to be supplied by England and America, intimating that we could not expect any assistance from Italy and France. However, as the situation develops here I will press my colleagues to obtain funds for our immediate relief work here.

This despatch will be communicated to our Minister at Athens for his information and necessary instructions will be issued to our naval detachment and our relief organizations will continue their activities. There was a meeting our Disaster Relief Committee in the Embassy to-day to coordinate all relief work. Thus far contributions from different associations total \$85,000. I will request further contributions from Red Cross as may be necessary.

BRISTOL

868.48/142 : Telegram

The Ambassador in Great Britain (Harvey) to the Secretary of State

LONDON, September 26, 1922—5 p.m.

[Received September 26—5 p.m.]

434. Your 290 September 15, 2[5] p.m. Following note received from the Foreign Office:

“His Majesty’s Government are gratified to learn from the communication which you made to this Department on the 16th instant of the interest taken by the United States Government in the distress unhappily prevalent among the Greek refugees of Asia Minor and of the invaluable help already rendered by private American relief organizations. I have now the honor to request that you will inform the Government of the United States of the attitude of His Majesty’s Government.

In general it is the opinion of His Majesty’s Government that relief measures both for those refugees who remain in Turkey and for those who have been removed to Greece should be conducted by private organizations and they have brought the facts of the situation to the knowledge of the British Red Cross and other British relief societies of which some already have organizations in the Near East and one has issued a fresh appeal for funds. The British Red Cross has also suggested to the International Committee of the Red Cross and to the League of Red Cross Societies the desirability of international action particularly in Asia Minor where the attitude of Mustafa Kemal makes it practically impossible for British, French or Italian relief organizations to undertake any work. His Majesty’s Government recognize the supreme importance of the co-ordination of all efforts and consider that this coordination could most easily be obtained by the exercise of general supervision by the Associated High Commissioners at Constantinople. With this in view they welcome the instructions issued to Admiral Bristol to consult his Allied colleagues and to prepare with them a comprehensive plan of relief. Sir H. Rumbold has been instructed similarly.

His Majesty’s Government are supporting to the full the efforts which are being made by the Associated admirals and consuls at Smyrna to arrange for the embarkation of the refugees. They have intimated to the Greek Government that they are prepared at once

to charter British cargo vessels for the removal of the refugees provided that Mustafa Kemal will consent to this.

So far as the provision of funds is concerned His Majesty's Government have adopted the proposals of the Assembly of the League of Nations. That is to say they have agreed that 100,000 francs shall be put immediately at the disposal of Doctor Nansen and in order that more extensive measures may be adopted they have undertaken to contribute up to 50,000 pounds sterling provided that other countries each advance an equal sum.

I have, etc."

HARVEY

868.48/150 : Telegram

The High Commissioner at Constantinople (Bristol) to the Secretary of State

CONSTANTINOPLE, September 28, 1922—3 p.m.

[Received 8:54 p.m.]

225. Department's 152 September 25, 5 p.m.²⁰ Kemal's reply September 25th to Italian Admiral refused responsibility permitting Greek vessels enter Smyrna pending reference to his Government. (See my 183 [193] September 19, 5 [3] p.m.) On September 22 the commanding officer of our destroyer at Smyrna received in answer to his request official notification from the Turkish authorities to effect that Greek vessel could enter Smyrna for evacuation purposes providing not flying Greek flag; not to come alongside quay and no officers or men allowed on shore. American destroyer carried this information same night to Greek vessels which were then at Mytilene. September 24th seven Greek vessels arrived at Smyrna and evacuated 15,000 refugees. (See my despatch number 216 September 25, 2 p.m.²⁰) The Turkish troops assisted efficiently in embarking these refugees and 50 of our sailors also helped relief workers in handling refugees. September 25th no Greek vessels arrived at Smyrna but on September 26 my senior officer Smyrna informed me 43,000 refugees evacuated to Mytilene that date and that he expected more ships the 27th. Nationality of ships referred to is not stated. On September 26th following [apparent omission] from the High Commissioners reported in my 217 September 25, 5 p.m., and as stated therein I issued instructions my naval representative Smyrna to approach Nationalist authorities and endeavor to obtain permission to prolong time for evacuation of refugees beyond October 1st and to expedite all evacuation measures. Thus far no information of arrival any British vessels to assist evacuation.

²⁰ Not printed.

Referring to last paragraph Department's above mentioned telegram question of projected time limit for evacuation still pending. All men from 18 to 45 have been separated from other refugees. Part have been employed both in city and outside cleaning debris and restoring railroad but impossible to obtain reliable information as to disposition of majority. There were also other refugees deported to the interior but it is impossible to estimate the numbers.

I will inform Department immediately on receipt of information concerning prolongation of time limit.

BRISTOL

868.48/142 : Telegram

The Secretary of State to the Ambassador in Great Britain (Harvey)

WASHINGTON, September 29, 1922—5 p.m.

297. Your 434 September 26, 5 p.m.

Inform British Foreign Office of this Government's great interest in the step which His Majesty's Government has taken to assist in the relief of refugees in Asia Minor. It has taken occasion informally to bring to the attention of American relief societies the initiative of the British Government in this regard as well as the latter's expressed willingness to take further steps and to make substantial advances of funds should other countries also contribute toward the relief work.

Through the instrumentality of various American relief societies, funds and supplies representing a contribution of approximately \$300,000 have been made available for the relief of refugees. This sum is in addition to a governmental appropriation of \$200,000 to be expended under direction of Secretary of State through Consul Heizer which will be available for the relief and repatriation of destitute American citizens and their relatives. American emergency relief units have been sent to Rodosto, Mudania and Brussa, as well as Smyrna, a number of vessels have already been chartered for the evacuation of the refugees, and American destroyers are participating in this work.

Also advise Foreign Office that a copy of their note is being communicated to the American High Commission[er] at Constantinople who has already informed this Government of the plans of the British Representative at Constantinople to facilitate the work of relief and stated that he was in close consultation with his Allied Colleagues in coordinating this work.

Repeat your 434 September 26, 5 p.m. and the above to High Commission, Constantinople.

HUGHES

988.43/190a : Telegram

*The Secretary of State to the High Commissioner at Constantinople
(Bristol)*

WASHINGTON, October 9, 1922—5 p.m.

183. The President yesterday issued the following statement regarding relief work in the Near East:

"A recognized and most appealing emergency exists in the Near East. After full conference it is unanimously agreed that the American Red Cross and the Near East Relief, two governmentally recognized agencies, are the logical instrumentalities through which this relief may be extended and it is a manifest duty that they should take care of the situation. It has been decided that these two organizations will take care of the situation jointly. In a campaign of most cordial cooperation they will command the facilities for most efficient ministration.

In order to meet the situation there is created a special fund to be known as 'Near East Emergency Fund.' This special fund is to be raised by a nation-wide appeal, which appeal is endorsed and will be engaged in by the American Red Cross, the Near East Relief, the Y. M. C. A., Y. W. C. A., the Federal Council of Churches, the Knights of Columbus, the American Relief Administration, the Jewish Joint Distribution Committee, and other organizations having interest in the Near East.

Money may be sent to Eliot Wadsworth, treasurer, of the American Red Cross, Washington, D. C.; Cleveland H. Dodge, treasurer, Near East Relief, 151 Fifth Avenue, New York; or the Literary Digest, 354 Fourth Avenue, New York. A special emphasis and appeal for funds will be made during the roll call of the American Red Cross in November. Checks in each instance shall be made payable to the Near East Emergency Fund.

A special committee has been named to assist in the emergency joint appeal, consisting of the heads of the organizations above mentioned. This special committee consists of Mr. Will H. Hays, chairman; Judge John Barton Payne, of the American Red Cross; Dr. James L. Barton, of the Near East Relief; R. J. Cudihy, of the Literary Digest; John L. Flaherty, of the Knights of Columbus; Dr. John R. Mott, of the Y. M. C. A.; Mrs. John French, of the Y. W. C. A.; Dr. Robert E. Speer, of the Federal Council of Churches; Felix Warburg, of the Jewish Joint Distribution Committee, and Herbert Hoover, of the American Relief Administration.

The relief already afforded will be followed at once by the most prompt ministration which the American Red Cross and Near East Relief can bestow in coordinated efforts, proceeding on the assumption that the heart of the American people will respond generously in enabling these agencies of relief to meet the crying emergency."

Repeat to Athens as Depts 70.

HUGHES

868.48/178a : Telegram

The Secretary of State to the Chargé in Greece (Caffery)

WASHINGTON, October 9, 1922—7 p.m.

71. Following from American Red Cross.

"American Red Cross is prepared to send mission to Athens to assist in administration of relief measures on behalf of refugees from Smyrna if approved by Greek authorities, and if these authorities are prepared to afford full protection for personnel and provide necessary storage and transportation facilities for supplies."

Communicate above to Greek authorities as coming from the Red Cross and cable prompt reply.

Repeat above to Bristol for his information only.

HUGHES

868.48/176 : Telegram

The Ambassador in Great Britain (Harvey) to the Secretary of State

LONDON, October 10, 1922—3 p.m.

[Received 7:43 p.m.]

451. Department's 297 September 29, 5 p.m. Foreign Office informs me that the British High Commissioner at Constantinople and Minister at Athens are being instructed to urge local representatives of British relief societies to cooperate to the fullest possible extent with the American relief organizations concerned.

Above repeated to Constantinople and Athens.

HARVEY

868.48/180 : Telegram

The High Commissioner at Constantinople (Bristol) to the Secretary of State

CONSTANTINOPLE, October 11, 1922—noon.

[Received October 12—1:55 a.m.]

260. For Ost, Near East Relief, New York.

"Number 14. Peet,²¹ Gates, Jaquith met with Admiral Bristol today for the purpose of taking immediate action upon serious situation of the Greek, Armenian orphans in Constantinople. Admiral Bristol expressed deep concern for the safety of the orphans.

²¹ William W. Peet, treasurer and business manager, American Board of Commissioners for Foreign Missions in Turkey.

The Allied decision to withdraw from Constantinople makes safety of orphans first consideration. In view past felicitations [*sic*] and statements made in newspapers by high officials in Smyrna there is no place, after defeat of the Greeks, in Turkish Empire for Greeks. Hatred against Armenians at Smyrna more bitter than against the Greeks. Conditions here offer no hope for safety or opportunity become self-supporting. Necessity of evacuation during the last few days Kuleli, Beylar Bey, Karagousian and other buildings on the Asiatic shore. Difficulty and practical impossibility secure houses or permanent shelter for Harput and Smyrna orphans forces the committee to unanimous decision to request Admiral Bristol to secure permission for the entrance of 5,000 Armenian children into America; to charter steamship *New York* for this purpose; and to take immediate necessary step toward immediate fulfillment of this decision. Admiral Bristol has given his hearty approval and support to the above request. Greek orphans should be removed to Greece, this can be arranged locally. Boys could be distributed on farms, girls in domestic employment. Confident New York can handle distribution; probably easily possible from Philadelphia, Near East guaranteeing State Department support and distribution in America. We are proceeding to make necessary arrangements with S. S. *New York* and will be ready to make removal within ten days. Confident American public opinion will support wholeheartedly such movement as only hope for the real future of these children together with immediate safety. Confident you will recognize that only most critical situation would make such a move on our part seem imperative. Deeply appreciative Admiral Bristol's wholehearted cooperation and even insistence on such a program. Request complete arrangements with State Department. Cable immediately as every day vital. Jaquith."

BRISTOL

868.48/179 : Telegram

The Chargé in Greece (Caffery) to the Secretary of State

ATHENS, October 11, 1922—9 p.m.

[Received 10:31 p.m.]

140. Department's 71, October 9, 7 p.m. Greek authorities express deep gratitude on their behalf Red Cross and promise all desired facilities.

CAFFERY

868.48/180

The Chief of the Division of Near Eastern Affairs, Department of State (Dulles) to Mr. C. V. Vickrey of the Near East Relief

WASHINGTON, October 13, 1922.

MY DEAR MR. VICKREY: I am enclosing for your information a copy of Mr. Jaquith's telegram No. 14 sent from Constantinople on the 11th instant through Admiral Bristol.

The question of the possible transfer of the orphans mentioned in this telegram has been brought to the attention of the Secretary. It would appear, however, that these persons could not all be brought in under the Turkish quota and that there is no authority to permit the entry of aliens in excess of quota without Congressional action.

Sincerely yours,

A. W. DULLES

868.48/184 : Telegram

The Ambassador in Great Britain (Harvey) to the Secretary of State

LONDON, October 14, 1922—10 a.m.

[Received 3:09 p.m.]

464. Following from Constantinople:

October 13, 11:00 a.m. Repeat to Secretary of State as my 265 October 13, noon. Yesterday held a conference with my colleagues (Rumbold, Garroni, Pellé and Uchida) and Doctor Nansen to hear certain propositions and requests of latter. He stated that for the solution of the refugee problem in Greece it was necessary to get them located in Greece so they could become self-supporting. Therefore the men of the families from 18 to 45 years of age that the Turks had retained in Anatolia should rejoin their families in Greece to work for the support of their families. He states that it seemed certain that these women and children and old men would not be permitted to return to Anatolia, therefore the Turks should allow the men to rejoin their families in Greece. It was pointed out to Nansen that these men retained in Anatolia were practically every one Ottoman subjects and men of military age, therefore so long as war existed between Greece and Turkey, the Turks were legally justified in holding these men and utilizing them in labor battalions. . . . Nansen seemed certain that guaranteeing [*guaranty*] not to utilize these men in Greece for military purposes could be obtained from Greece. There was a discussion regarding

the exchange of Turkish prisoners and of Turkish hostages deported from Anatolia by the Greeks for these Ottoman Greeks retained in Anatolia. The British, French and Italian High Commissioners were unanimous in their abstaining from any direct action upon Nansen's proposal, but Nansen replied that he simply wanted to be supported and be able to state to the Turkish officials that he did have the support of the Allied and Associated High Commissioners. I suggested that so far as the exchange of prisoners was concerned this was an affair between Greece and Turkey and so far as my Government was concerned I was sure that it would not approve of our entering into any such negotiations. The three Allied Commissioners then assured Nansen of their support; and when I was asked regarding my attitude I stated that I felt my Government purely on a ground of humanity, if this was distinctly understood, would lend its support to Nansen in trying to have the Greek men retained in Asia Minor rejoin their families that have become refugees in Greece, however, it was necessary from [for] me to communicate with my Government which I would do immediately and inform them and Nansen of my Government's decision. Uchida stated the same thing that I had. I suggested and it was accepted that this question of releasing these Greek men from Anatolia should be one of the first things taken up at the coming Peace Conference on the ground of humanity; while at the same time an exchange of prisoners and hostages might also be arranged. It was agreed by every one that these men should rejoin their families before the spring planting.

Nansen then informed the conference that Hamid Bey had told him the day before that in accordance with the agreement between Moscow and Angora all Russians in Constantinople would have to leave the city when the Angora Government comes into power in Constantinople. At the present time the League of Nations, American Relief Administration and American Red Cross plan to evacuate about 7,000 Russians, who are dependent, to Varna in Bulgaria and there establish them in a camp from which place they are to be distributed to places where they can become self-supporting. This plan was evolved when it was understood that the other Russians living here and gaining a livelihood would not be compelled to leave when the Turks reoccupied Constantinople. Under the present condition laid down by Hamid Bey twenty to thirty thousand Russians would have to be evacuated. Nansen stated that either the other countries must be made to change their policy and receive these Russians or else the attitude of Turkey toward the evacuation of these Russians should be changed. As regards the first proposition Nansen had been trying for over a year to get the countries in Europe to take these Russian refugees without success except in

very small numbers. Serbia, for instance, recently refused to have any more Russians because they have so many and the Russians are giving them trouble. It was agreed that Nansen should try to get the Turks to change their attitude by pointing out that Turkey would thus stand alone in the world as not extending hospitality to foreign races. Further was agreed, and the Allied representatives undertook to make representations to their governments, for this matter to be taken up at the peace conference. Bristol.

HARVEY

868.48/184 : Telegram

*The Secretary of State to the High Commissioner at Constantinople
(Bristol)*

WASHINGTON, October 21, 1922—2 p. m.

208. Department approves your statement to Nansen as indicated in your October 13, 11 a. m. through Embassy London that on grounds of humanity this Government would of course welcome action by the Kemalists authorities to permit Ottoman Greeks now held in Anatolia to rejoin their families in Greece.

HUGHES

868.48/215 : Telegram

The Chargé in Greece (Caffery) to the Secretary of State

ATHENS, October 31, 1922—11 a. m.

[Received 6:30 p. m.]

157. Doctor Hill, Red Cross representative, has arrived and is studying refugee problem.

Last week Minister for Foreign Affairs asked me if Red Cross would consent to take entire charge of Ministry of Public Assistance; but I replied my opinion that American relief organizations would assume no responsibility whatever in connection with refugee problem, but were willing to lend assistance to Greek authorities in caring for refugees. Doctor Hill now concurs.

Doctor Nansen arrived last week and attempted to get approval of Greek Government for formation of general supervisory committee for all refugee work in Greece under the jurisdiction of League of Nations. I informed Greek Cabinet my opinion American relief organizations perfectly willing to work in harmony with League of Nations committee, but that impossible for American relief organizations to work under the supervision of Doctor Nansen. Greek authorities thereupon informed Nansen his scheme for supervisory committee unacceptable. Doctor Hill now concurs.

CAFFERY

868.48/220 : Telegram

The High Commissioner at Constantinople (Bristol) to the Secretary of State

[Paraphrase]

CONSTANTINOPLE, November 2, 1922—10 a.m.

[Received November 3—1 a.m.]

287. For Department's information. The following telegram, dated October 28, 5 p. m., has been sent to Legation at Athens with request it be repeated to Department:

"General Harington, the commander-in-chief of the Allied forces, is in direct control of evacuation of eastern Thrace. Almost all Greek civilians have been withdrawn, and in most orderly manner. Allied supervision has maintained, as far as possible, strict impartiality toward whole civil population.

There was slight misunderstanding at first on part of French and Italians regarding evacuation of Greek civilians, but it was remedied by British, French, and Italian officers composing Allied commission charged with investigation and regulation of measures of evacuation. There has been no interference with civil population in taking with them their goods and their stores of food. Only a small quantity of food has been removed, but practically all livestock and means of transport has been carried away, and the remaining population is stripped of cattle useful in transport or cultivation. While, therefore, the food supplies have been voluntarily abandoned by the departing Greeks and Armenians, the cattle have been forcibly carried off. Attempt will be made by Allied commissions to restore stock to eastern Thrace where it belongs.

I believe the above information is entirely reliable as I received it from General Harington. Information from local sources may be less trustworthy and given out for propaganda. I suggest, therefore, that American relief agencies in Greece be warned against giving it full credence. I understand that reports from Greece estimate 800,000 refugees evacuated from Anatolia. This does not agree with record of numbers we actually evacuated. Our own figure is about 300,000 evacuated from all ports from Mudania to Alaya, and it is hardly credible that half million more had already been evacuated before our destroyers took charge of operations on September 14.

Devastated regions of Anatolia are in great need of relief. Liaison work should also be undertaken regarding Turkish prisoners in Greece and Greek prisoners in Turkey. I suggest, therefore, that as soon as possible representatives of Near East Relief and of Red Cross come from Greece to Constantinople to confer with relief agencies here and with me for purpose of drawing up joint plan. I can arrange, if notified, to have representatives brought to Constantinople and returned by destroyer."

BRISTOL

868.48/291

*The Acting High Commissioner at Constantinople (Dolbeare) to
the Secretary of State*

No. 577

CONSTANTINOPLE, November 25, 1922.

[Received January 4, 1923.]

SIR: I have the honor to enclose for the information of the Department copy of a report from the Senior Naval Officer at Smyrna, dated October 20, 1922, giving a summary of the evacuation of refugees from that city, and the agencies by which it was accomplished. Although it is a "supplementary report" this includes all previous reports and is a final statement.

I have [etc.]

FREDERIC R. DOLEBEARE

[Enclosure]

*The Senior Naval Officer Present at Smyrna (Powell) to the Com-
mander, U. S. Naval Detachment in Turkish Waters (Bristol)*

U. S. S. "EDSALL", SMYRNA, 20 October, 1922.

1. The following is a supplementary report of evacuations from Smyrna and vicinity:

Evacuated by

British, Brit. Nationals . . .	3000	
French, French Nationals . .	7000	
Italians, Italian Nationals . .	11000	
U. S. Destroyers	2080	
<i>Winona</i>	1800	U. S. Commandeered.
<i>Constantinopoli</i>	2000	Disrelcom guarantee.
<i>Dotch</i>	5000	Russian—NER guaran- tee
<i>Casey</i>	600	Disrelcom guarantee
British Ships	40954	Greek Charter under British Control, Brit- ish ships comman- deered by British PN- TO, and one British ship Disrelcom guar- antee.
Greek Ships	140046	U. S. Control.

Total evacuated from
Smyrna 213480

Chesme—British ships and in U. S.

Destroyer	6700	Assisted by French De- stroyer.
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Vourla—Greek ships	10400	U. S. Control and in U. S. Destroyers.
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Aivali—Greek & British Ships .	15200	U. S. Control
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Cape Helles	3800	In British Ship— <i>Sabino</i>
Kuluk—Greek Ships	1052	U. S. Control
Makri,—Greek Ships	2000	U. S. Control
Adalia—Greek Ships	8005	U. S. Control
Port of Alaya—Greek Ships	600	U. S. Control
Rhodes—Greek Ships	1350	U. S. Control

Total from vicinity of
Smyrna 49107

GRAND TOTAL 262587

HALSEY POWELL

767.68119/203 : Telegram

The Special Mission at Lausanne ²³ *to the Secretary of State*

[Paraphrase]

LAUSANNE, November 25, 1922—6 p. m.

[Received November 25—4:23 p. m.]

20. We have received a request from Venizelos to support a plea he is ready to make for the release of an alleged hundred thousand males, chiefly Greeks, now alleged to be detained by the Turks. Venizelos bases his plea on the ground that the males must join their families in order to support the women and children and thus solve general relief problem. He says that this is necessary for the reduction of relief expenses to which generous contributions have been made by America. The suggestion is made from other Greek and British sources that contributions from America in the form of direct relief have a tendency to keep the refugees in a continuing condition of helplessness. It is suggested, therefore, that a loan be made to Greece with possibly a commission in charge of its expenditure. On the second point we have indicated that we would inquire as to the views, if any, of the Department.

CHILD
GREW

767.68119/203 : Telegram

The Secretary of State to the Special Mission at Lausanne

[Paraphrase]

WASHINGTON, November 28, 1922—6 p. m.

15. Mission's No. 20 of November 25, 6 p. m. has just been received in corrected form. You may support in appropriate manner

²³ The Ambassador in Italy (Child) and the Minister in Switzerland (Grew) had been instructed to be present at Lausanne as observers during the sessions of the conference for negotiating peace between the Allies and Turkey.

plea on humanitarian grounds for the release of Ottoman Greek males in view of the defenceless position in which refugee women and children are left in the absence of their natural protectors. Further ground for support may be found in the large demand which the existing situation creates for American generosity.

The matter of a possible loan would call for further consideration should there be a definite request to bankers. The Department does not see how it will alter present state of helplessness to have Greek supervision of relief money expenditure.

HUGHES

867.48/1444 : Telegram

*The Acting High Commissioner at Constantinople (Dolbeare) to the
Secretary of State*

CONSTANTINOPLE, December 5, 1922—9 a.m.

[Received 3:15 p.m.]

368. Department's 268 [275] November 29, 2 p.m. [6 p.m.]²⁴ Continuing my 361 November 29, 11 a.m.²⁴

In eastern Thrace complete evacuation of non-Moslem population has ended relief work. In Constantinople Greek and Armenian committee are caring for their nationals. In Anatolia Near East is furnishing emergency relief to refugees assembling in Black Sea ports and has offered to provision any Greek vessels which may go to take them off. Similar situation at Mersine. At Smyrna, Disaster Relief Committee of Constantinople chapter, American Red Cross, has been issuing rations at the rate of 100 sacks of flour per diem to Turkish and Jewish refugees. League of Nations has sent 200 tons flour and International Red Cross one shipment of supplies, but neither one is maintaining relief work there. The Turkish Red Crescent is at work in the devastated regions but no statistics are available. The Constantinople chapter is endeavoring in cooperation with the relief agencies in Greece to arrange for the assistance of prisoners of war. I understand that this work is well organized among the Turkish prisoners in Greece but little has yet been done for the Greek prisoners in Anatolia.

Relief for the non-Moslem population of Anatolia is at present on an unorganized and emergency basis and it is as yet difficult to predict what proportions the movement of this population will assume. The organizations now at work here are without funds adequately to meet the situation which would arise should this migration become general.

²⁴ Not printed.

Little has yet been done for the assistance of Moslem population in the devastated regions of western Anatolia. The committee at Smyrna with the assistance of the Near East is endeavoring to find homes among the local population 50,000 Moslem orphans. That committee composed of local American business men and educators feels that the constructive form of relief for the use of people would be the establishment of loan bank with American capital which would enable them to reestablish themselves on the land and get in a crop next season. A plan for this is now being developed.

In this report I have confined myself to refugee situation which has arisen as a result of the Greco-Turkish war and have not included the question of Russian refugees in Constantinople or of the Near East orphanages.

Repeated to Lausanne.

DOLBEARE

868.48/281 : Telegram

The Acting High Commissioner at Constantinople (Dolbeare) to the Secretary of State

CONSTANTINOPLE, December 22, 1922—3 p.m.

[Received 5:50 p.m.]

392. 1. In addition to persons carried on regular steamers about 10,000 non-paying refugees from Samsoun and other Black Sea ports have been transported to Constantinople and transferred to Greek vessels here. This work has been supervised by American destroyer commanders and Near East [Relief] has given food.

2. Estimates indicate three to five thousand per week will come in from interior during the next month to these ports. Public announcement has been made that time limit is removed and all Christians desiring to leave Anatolia may do so. Local officials in these ports cooperate satisfactorily with our officers.

3. Constantinople representative of Angora Government states to me that Angora Government will not allow Greek refugee ships to proceed to Black Sea ports if accompanied by American destroyers. After consulting Admiral Long²⁸ I stated our vessels could accompany when advisable but not escort, with a view to furnish practical assistance but not protection and merely as extension of services now being rendered in and near ports of embarkation. Repeated to Lausanne.

DOLBEARE

²⁸ Rear Admiral Andrew T. Long, U. S. Navy.

868.48/290 : Telegram

*The Acting High Commissioner at Constantinople (Dolbeare) to
the Secretary of State*

CONSTANTINOPLE, January 4, 1923—2 p.m.

[Received 6:10 p.m.]

6. The Constantinople representative of Greek Government for refugees has received following telegram from his Government:

"Owing to transport of over 50,000 refugees from Pontus to Greece all districts are full up and many refugees remain unhoused, owing to spread of epidemics advisable stop all further shipments to Greece until it is possible thin out refugees whose number has now attained one million, it is impossible to accept more refugees. Please act immediately to prevent at once all fresh arrival of refugees from Constantinople or Pontus till further notice. Alexandris."

Should this decision of Greek Government be carried into effect a most serious situation will arise in Anatolia. Refugees who are estimated to be arriving from interior at Black Sea ports at rate of three to five thousand per week will congregate those ports without possibility of evacuation and without food or shelter. When such concentration becomes sufficiently large Turkish officials may very [properly?] commence deportations of these groups into interior in order to prevent epidemics at the ports and results of such deportations are already too well known to merit comment. It would seem therefore as if Greek Government should be urged to withdraw above-mentioned decision and that relief organizations be urged to cooperate in caring for future arrivals. The question is serious enough to demand immediate action. Pending instructions the High Commission is taking no action. Repeated to Lausanne and Athens.

DOLBEARE

811.458/793 : Telegram

The Secretary of State to the Chargé in Greece (Caffery)

WASHINGTON, January 5, 1923—5 p.m.

2. The President has received the following telegram from Athens:

"Accept my sincerest wishes for a Happy New Year with my best thanks for your generous assistance to the suffering people in Greece. George II."

You may informally advise the Foreign Office that this expression of thanks for American relief work is appreciated.

HUGHES

868.48/290 : Telegram

The Secretary of State to the Chargé in Greece (Caffery)

[Paraphrase]

WASHINGTON, January 6, 1923—4 p. m.

3. Referring to the decision of the Government of Greece not to admit any more refugees, as indicated in High Commission's telegram of January 4 from Constantinople. As such exclusion is certain to cause hardship among Anatolian refugees, Department desires you to telegraph whether measure is justified by situation in Greece.

Subject has already been mentioned to Vouros,²⁶ and you may in your discretion acquaint Greek authorities informally with views of High Commission.

Colonel Haskell has just left for Greece. It is understood that he will endeavor to help in formulating plan whereby greatest possible number of refugees may be absorbed into economic life of Greece. The success of his efforts may, therefore, contribute to ability of Greece to admit further immigration of refugees.

HUGHES

868.48/320 : Telegram

The Chargé in Greece (Caffery) to the Secretary of State

ATHENS, January 21, 1923—7 p.m.

[Received January 22—3:17 a.m.]

15. My 13 Thursday last.²⁷ Several Greek Ministers called on me in name of Greek Cabinet and asked me if American relief organization would make definite promise to take entire care of all Greek refugees now in Pontus region in case Greek authorities furnished ships to bring them here. The Ministers added that at a Cabinet meeting held that morning decision had been taken not to receive another refugee in Greece on account of the desperate situation which now prevails. I replied that I did not believe that the American relief associations could give any definite guarantees whatever but that it was my personal opinion that they would help to the extent of their ability to take care temporarily of these Pontus refugees if they were brought here now in Greek vessels. I said also that it was my personal opinion that Greek authorities would injure their own cause before world public opinion if under conditions now existing in Black Sea ports they refused to receive any more Pontus refugees but that I did not desire to interfere or influence their

²⁶ A. Vouros, representative of the Greek Government at Washington.²⁷ Not printed.

decision. Thereupon another Cabinet meeting was held which decided to resume sending ships for Pontus refugees at once.

CAFFERY

767.68/558

The Secretary of State to Senator Henry Cabot Lodge

WASHINGTON, February 26, 1923.

MY DEAR SENATOR LODGE: I have received your letter of February 24²⁸ in which you brought to my attention the report in the *Congressional Record* of February 23 (p. 4339)^{29a} of the discussion of a Bill to admit certain refugees from Turkey, during which certain questions relating to this Government's policy in the Near East were raised. I take pleasure in submitting herewith information which may be helpful in answering the specific questions asked:

(1) "What is the condition of the building in Smyrna formerly occupied by the American consular staff?"

The fire which devastated a large section of Smyrna destroyed the quarter of the city where the majority of the foreign consulates were located. The building occupied by Consul General Horton and his staff as the American Consulate General was among those so destroyed. This fire occurred on September 13th last.

As the Consulate building was destroyed in the general conflagration it is not possible to attribute the destruction of this particular building to the individual act of any person or persons. As far as the Department is informed the authors of the fires, apparently of incendiary origin, which brought on the Smyrna conflagration have never been apprehended, nor their identity discovered. On this point conflicting evidence has been received by the Department and the various antagonistic racial groups in Smyrna have each ascribed the origin of the fire to the other. However, the Turkish military authorities in occupation of Smyrna can scarcely avoid responsibility for their failure to maintain order in Smyrna which undoubtedly was one of the contributory causes for the extent of the disaster.

(2) "Has cruelty been inflicted on American sailors or marines; and if so, when, by whom, and to what extent?"

No American marines were present at Smyrna during the disaster. One or more American destroyers were in Smyrna harbor during and subsequent to the fire, the number varying from one to three at various times. Landing parties of American bluejackets were stationed at various points throughout the city as a safeguard for American citizens and their property, in particular to guard the rendezvous where

²⁸ Not printed.

^{29a} Bound vol. 64, p. 4351.

Americans were assembled previous to their evacuation, and to protect the American Collegiate Institute at Smyrna, and other property of American citizens.^{25b} The Department is not informed that any American sailors were injured during the fire. One bluejacket on guard at an American institution, the International College, near Smyrna was roughly handled by Turkish brigands, rescued by a Turkish officer and did not suffer any permanent injury.

(3) "What action has been taken by the Executive to protect American citizens from injury and death, and what action has been taken to protect the American flag from insult?"

This inquiry is in part answered by the preceding paragraph. American citizens were promptly evacuated from Smyrna on an American destroyer and an American Shipping Board vessel under the protection of a destroyer. The Department is not informed that the American flag suffered insult. Notwithstanding the extraordinary condition which prevailed in Smyrna, due to a fire of almost unprecedented violence, the termination of a military campaign which had aroused racial and nationalist feelings to the highest pitch and a general tendency to disregard the sanctity of life and property on the part of both victor and vanquished, the reports which the Department has received indicate that the American flag in Smyrna was respected and that it served as a rallying point not only for American citizens but to the oppressed and the needy. The record of American officials, of the American Navy, of American citizens and relief workers at Smyrna is one of which all its citizens can justly be proud.

The information before the Department indicates that the refugee problem which confronted Smyrna after the fire has been transferred to Greece where the refugees have now congregated, over 200,000 having been evacuated from Smyrna alone in September largely through the initiative of American naval and relief personnel.

The American Consulate General in Smyrna has never been closed and upon the burning of the old building new quarters were immediately found and the work of our officials in protecting our citizens and our interests was carried on uninterruptedly both during and subsequent to the fire.

I am [etc.]

CHARLES E. HUGHES

^{25b} Landing parties were as follows: At the American Theatre, the rendezvous where Americans were to be assembled preparatory to evacuation, a machine-gun detachment of 15 men; American Consulate General, 4 men, later increased to 6; International College at Paradise, 16 men; American Collegiate Institute, 8 men, later increased to 12; Y. W. C. A., 4 men, later increased to 12; Y. M. C. A., 4 men, later reduced to 2 men; refugee bakery, 4 men; vicinity of Griswold and Brusick factory, 4 men; vicinity of Magnifico residence, 8 men; vicinity of Lane residence (Bournabat), 4 men; vicinity of Washburn residence, 4 men. These bluejackets were under the immediate command of 4 commissioned officers detailed for shore duty.

CONTINUED IMPRESSMENT OF AMERICAN CITIZENS OF GREEK
ORIGIN INTO THE GREEK ARMY*

368.117/129 : Telegram

The Chargé in Greece (Hall) to the Secretary of State

ATHENS, February 15, 1922—noon.

[Received 8:45 p.m.]

17. Question of military service Greek Americans again in highly unsatisfactory state due to the failure Greek Government to carry out promises made. . . . Government now states that only those men whose exemption has been requested up to this time will be freed; this list includes 80 names, . . . In all future cases of men arriving or already in Greece no one exempt unless naturalized before January 15th, 1914. Neither service United States nor age will be considered if man owes military service here. Request Department to warn all naturalized Greeks against returning to Greece at this time unless naturalized before January 15th, 1914. If United States cannot stop these men from coming here extra help will have to be assigned to this Legation at once as present staff entirely unable to handle question which becomes greater with each arriving boat.

HALL

368.117/136

The Chargé in Greece (Caffery) to the Secretary of State

Greek Series No. 1009

ATHENS, May 2, 1922.

[Received June 7.]

SIR: With reference to previous correspondence on the subject of Greek-born American citizens being forced to serve in the Greek army, I have the honor to report that, since my arrival here, I have been able to secure the release of a number of these men from the Greek army. However, the Greek government informs me that these releases are not made as a matter of right, but as a favor, as under Greek law all men born in Greece owe military service to the Greek government.

In addition, the law passed January, 1914, stipulated that no Greek subject could be naturalized in a foreign country without previous permission of the Greek government.

I, of course, have informed the Greek Government that I could in no way admit the justice of their pretensions, and I am continuing to insist that no persons holding American passports be forced into the Greek army.

I have [etc.]

JEFFERSON CAFFERY

* For previous correspondence, see *Foreign Relations*, 1921, vol. II, pp. 164 ff.

368.117/138

The High Commissioner at Constantinople (Bristol) to the Secretary of State

No. 249

CONSTANTINOPLE, June 1, 1922.

[Received June 23.]

SIR: I have the honor to refer to my despatches No. 353, dated July 18, 1921,³⁰ and No. 463, dated September 14, 1921,³¹ and to the Department's instruction No. 79, dated October 5, 1921,³² concerning the cases of impressment of American citizens into the Greek Army operating in Asia Minor. I have the honor to inform the Department that in spite of repeated representations made by the High Commission to the Greek High Commission, as well as by American Consular officers to the local Greek authorities in the occupied districts, cases of actual or attempted impressment are constantly occurring. In spite of the fact that the Greek High Commissioner has never insisted upon the right of the Greek authorities in any of the cases in question it is evident that the Greek military authorities have never received instructions to cease this practice. Besides the cases of actual impressment which have been brought to the attention of the High Commission, there are numerous others of naturalized Americans who have been threatened with impressment and have managed to avoid the same by leaving the district in which they were sojourning at the time.

I venture to renew my suggestion embodied in despatch No. 353, dated July 18, 1921, that the Department take steps to bring this matter to the attention of the Greek Government through the American Legation at Athens in an effort to have appropriate instructions sent through the Greek Ministry of War to the local Greek military commanders in Asia Minor. In the mean time the High Commission will not cease its efforts to aid in whatever way possible such individual cases as are brought to its attention.

I have [etc.]

MARK L. BRISTOL

368.117/138

The Secretary of State to the Chargé in Greece (Caffery)

No. 285

WASHINGTON, August 22, 1922.

SIR: Referring to previous correspondence concerning the impressment of American citizens into the Greek Army there is enclosed a

³⁰ *Foreign Relations*, 1921, vol. II, p. 178.

³¹ *Ibid.*, p. 175.

³² *Ibid.*, p. 175.

copy of despatch No. 249 of June 1, 1922, from the United States High Commissioner at Constantinople. You are instructed to take this matter up with the Foreign Office making urgent representations that appropriate instructions be sent by the Greek Minister of War to the local Greek military commanders in Asia Minor that they cease impressing American citizens of Ottoman or Greek origin into the Greek Army.³³

I am [etc.]

For the Secretary of State:

ALVEY A. ADEE

**OBJECTIONS BY THE DEPARTMENT OF STATE TO A PRIVATE LOAN
TO THE UNRECOGNIZED GOVERNMENT OF GREECE**

868.51/381

*Mr. William G. Marvin*³⁴ to the Department of State

NEW YORK, December 29, 1921.

[Received December 31.]

DEAR SIR: Two gentlemen representing the Grecian Government, came into my office this afternoon and asked for my active support in helping them effect a flotation of a loan for and on behalf of the Greek Government, amounting to approximately fifteen millions of dollars. They stated that the Government of Greece had sent a Special Envoy to this country, Mr. Papafranco, and that he was anxious to take up the matter of this loan with large bond houses in New York City, one or two of whom are my clients.

I am laboring under the impression that the present Government in Greece has not received the recognition of the United States Government. If I am correct in this assumption there might be some possible objection offered by our Government to the flotation of the loan here by the Royal Bank of Greece and the Grecian Government authorities. I am therefore writing to ask you as to whether the State Department would make any objection to the flotation of such a loan, and if so, on what grounds. I have as yet undertaken no negotiations regarding this matter and will undertake none until I receive your reply.

Yours very truly,

WM. G. MARVIN

³³ With this instruction the correspondence in regard to the impressment of American naturalized citizens into the Greek Army was temporarily discontinued.

³⁴ Member of the law firm of Marvin & Pleasants, New York City.

868.51/381

The Secretary of State to Messrs. Marvin & Pleasants

WASHINGTON, January 30, 1922.

GENTLEMEN: The receipt is acknowledged of your letter of December 29, 1921, with regard to the flotation of a possible loan to the Government of Greece.

Inasmuch as the regime now functioning in Greece is not recognized by the Government of the United States, I beg to say that the Department of State could not look with favor upon such a loan.

I am [etc.]

For the Secretary of State:

HENRY P. FLETCHER,
Under Secretary

868.51/434

Memorandum by the Assistant Secretary of State (Dearing)

[WASHINGTON,] March 8, 1922.

Mr. Frederic C. Scofield⁶⁶ came to see me this morning and left with me the attached letter.⁶⁷ I told him that the Department could not look with favor upon a loan to an unrecognized government, and he then showed me that he had a copy of the Department's letter of January 30 to Marvin and Pleasants to this effect. I told Mr. Scofield that the Greek Government was not yet recognized, that, of course, the Department would be delighted to have \$15,000,000 spent for coal, wheat, and machinery in the United States, but that there were a number of other elements in this situation, and that I was afraid that we could not answer him other than as in our letter to Marvin and Pleasants. I said that I supposed he knew the Near Eastern situation was still disturbed and that this Government was opposed to lending money for militaristic expenditure, and that it might be possible for Greece by making this loan in this country to release funds obtained elsewhere, and thus cause this loan in effect to be an aid in a military way. Mr. Scofield said that he knew the Department of Commerce would like to have \$15,000,000 spent in this country for coal, wheat and machinery and that he hoped that this feature of this proposed financing would make it more acceptable to the Department.

⁶⁶ Member of the law firm of Wellman, Smyth & Scofield, New York City.

⁶⁷ Not printed; the letter, from Geo. R. Rock & Co., manufacturers' representatives, requested Mr. Scofield's firm to ascertain the Department's attitude on the \$15,000,000 loan the Greek Government were seeking to place in the United States.

Until we shall have further word from Mr. Wadsworth²² and have adopted some policy with regard to recognition, I do not see how we can do anything further than to reply as we have done previously to all those who have consulted us about possible loans to Greece.²³

D[EARING]

²² Presumably Mr. Eliot Wadsworth, Assistant Secretary of the Treasury.

²³ On Mar. 23 Mr. Scofield was informed by letter of the Department's policy, in terms similar to the Secretary's reply to Messrs. Marvin & Pleasants, *supra*.

GUATEMALA

RECOGNITION OF THE ORELLANA GOVERNMENT BY THE UNITED STATES¹

813.00/1170 : Telegram

The Chargé in Guatemala (Curtis) to the Secretary of State

GUATEMALA, January 12, 1922—9 p.m.

[Received January 13—12:13 p.m.]

7. The Assembly this afternoon gave first of three daily readings to a resolution reported by special committee declaring the Union non-existent and Guatemala again an independent republic.

General Orellana today issued a decree calling the elections for February 15th to 22nd. The Liberal Party will choose candidate January 22.

CURTIS

814.00/632 : Telegram

The Chargé in Guatemala (Curtis) to the Secretary of State

GUATEMALA, January 22, 1922—10 p.m.

[Received January 23—8:50 p.m.]

9. Convention of the Liberal Party this afternoon nominated Orellana. Ubico² had previously pledged adherence to the decision of the convention.

CURTIS

702.1411/80a : Telegram

The Secretary of State to the Chargé in Guatemala (Curtis)

WASHINGTON, January 23, 1922—5 p.m.

4. Department has advised Secretary of Treasury and Governor of New York that it is informed that Muñoz will perform the functions of the Consulate General of Guatemala in New York, and that it considers it desirable as a practical matter that agents of this Gov-

¹ For previous correspondence, see *Foreign Relations*, 1921, vol. II, pp. 178 ff.

² General Ubico, also, had been a candidate for the nomination.

ernment should raise no question as to lack of formal recognition of Muñoz and to deal with him in the transaction of business as with his predecessor. You may informally advise authorities to this effect, making it clear that such action does not constitute recognition but is taken simply to avoid inconvenience and loss to commercial interests.

HUGHES

814.00/658 : Telegram

The Chargé in Guatemala (Curtis) to the Secretary of State

GUATEMALA, February 22, 1922—4 p.m.

[Received February 23—1:35 p.m.]

17. Election finished. Legation latest returns are over 168,000 for General Orellana the only official candidate, and about 400 scattering.

In addition to the disturbances reported in my telegram February 7 [17], 5 p.m.,^a there was an uprising at Escuintla on Saturday night with at least 7 killed. Apparently there has [have] been no other disorders of this sort.

CURTIS

814.00/662 : Telegram

The Chargé in Guatemala (Southgate) to the Secretary of State

GUATEMALA, March 4, 1922—noon.

[Received 9:57 p.m.]

21. Inauguration of Orellana as President of the Republic took place this morning. His address emphasized the necessity of political peace and hard work.

SOUTHGATE

814.00/677 : Telegram

The Chargé in Guatemala (Southgate) to the Secretary of State

GUATEMALA, April 11, 1922—5 p.m.

[Received April 12—9:30 a.m.]

28. General amnesty has been decreed. All political prisoners except those actually engaged in acts of violence have been released.

SOUTHGATE

^a Not printed.

814.00/886 : Telegram

The Secretary of State to the Chargé in Guatemala (Southgate)

WASHINGTON, April 15, 1922—4 p.m.

10. You are instructed to inform the Government of Guatemala that the President has determined to recognize the Orellana Government as the Government of that Republic. You may, at the same time, express to the Minister for Foreign Affairs the gratification caused this Government by the resumption of the friendly relations which have so long continued between the two Republics.⁴

HUGHES

⁴ This instruction was carried out on Apr. 17 (file no. 814.00/882).

HAITI

APPOINTMENT OF A HIGH COMMISSIONER BY PRESIDENT HARDING—THE ELECTION OF PRESIDENT BORNO—THE APPOINTMENT OF A NEW FINANCIAL ADVISER

128 R 914/1a

The Secretary of State to the High Commissioner in Haiti (Russell)

WASHINGTON, February 11, 1922.

SIR: You have been appointed by the President as High Commissioner, with the rank of Ambassador Extraordinary, to represent him in Haiti for the purpose of investigating, reporting upon, and supervising the performance of their duties by the officers nominated by the President of the United States and appointed by the President of Haiti pursuant to the provisions of the Treaty between the United States and Haiti signed at Port-au-Prince, September 16, 1915,¹ in order that the purposes of said Treaty may be fully accomplished. In the performance of your duties, you will be guided by instructions from the Secretary of State and will report to the Department of State upon all matters other than those solely connected with the functions of the Commanding Officer of the United States Forces of Occupation in Haiti.

In order that the purposes of the Treaty of September 16, 1915, between the United States and Haiti, shall be more fully accomplished and the administration for which the said Treaty provides shall be more efficiently conducted, it is intended that the High Commissioner shall have general supervision over the General Receiver of Haitian Customs; the Financial Adviser of Haiti; the officers commanding the Haitian Gendarmerie; and all other officials nominated by the President of the United States and appointed by the President of Haiti in accordance with the provisions of the said Treaty, or any other officials who may hereafter be so appointed by virtue of such Treaty or by virtue of any amendment thereto.

All correspondence pertaining to Haitian Affairs from the Treaty officials to the Executive Departments of the United States, or to officials of the Haitian Government, other than the Haitian Secretary of State with whose Ministry such Treaty officials may be connected and all routine correspondence from the General Receiver

¹ *Foreign Relations*, 1916, p. 328.

of Customs to the Bureau of Insular Affairs of the War Department, will be forwarded through the High Commissioner.

All communications from the Government of the United States to the Government of Haiti will be conveyed to the Haitian Government through the High Commissioner, with the exception of such correspondence as the Department of State may instruct the American Legation in Port-au-Prince to convey.

It will be your duty to coordinate the work of the Treaty officials above referred to and of the Commanding Officer of the United States Forces of Occupation in Haiti; to outline and supervise the work required of the Treaty officials; to regulate the reports made by them; and to bring about harmonious cooperation between these officials and the members of the Haitian Government. It is obviously of the utmost importance that each Treaty official maintain an efficient system of cooperation with the Haitian Secretary of State to whose Department his duties attach him. To this end, he should keep such Secretary of State fully and carefully informed of the details of the work being performed by him, of all projects or plans of development in his Department, and of all other information which may be necessary in order that a thorough understanding between the Treaty officials and the Haitian Government may be reached.

The American Legation in Port-au-Prince will be maintained in the charge of a *Chargé d'Affaires ad interim* and diplomatic correspondence between the Governments of the United States and Haiti of routine character will be carried on through the American Legation. All recommendations as to policy will, however, rest with the High Commissioner, and the *Chargé d'Affaires ad interim* will act in such matters in an advisory capacity to the High Commissioner. In the absence or disability of the High Commissioner, his duties, other than those of a military character, will devolve upon the *Chargé d'Affaires ad interim*.

The history of our intervention in Haitian affairs is not viewed with satisfaction by this Government and it is hoped that the reorganization of the existing Treaty administration which you are instructed to make in the course of your special mission will bring about a frank and loyal cooperation between the officials of the United States and the members of the Haitian Government in the accomplishment of the purposes for which the Treaty of 1915 was entered into.

It is desired that you direct your attention primarily, in the fulfilment of your mission, to the following objectives:

- (1) A prompt and effective reorganization of the powers and duties of the United States Treaty officials along the lines set forth above.

(2) The stabilization of Haitian finances. One of the chief causes of complaint of the Haitian Government, and indeed of the Haitian people, is the fact that although the Government of the United States undertook, by the Treaty of 1915, the obligation to assist the Government of Haiti in placing its finances on a stable basis, no improvement in the financial condition of the Government can yet be seen. It is apparent that one of the primary needs of the Haitian Government is the flotation of a loan which will make it possible to refund and consolidate the existing public debt,—the result of which would be to secure for current expenditure income now pledged and segregated for the payment of amortization and interest on this debt; to provide for the payment of claims against the Haitian Government; and to secure funds for public works and improvements necessary to the development of the resources of the country. Upon various occasions negotiations have been entered into, without success, for the flotation of such a loan. The financial situation of the Haitian Government, which shows an ever increasing deficit, makes it of vital importance that the Haitian Government be enabled to secure a loan without delay. The establishment of Haitian finances on a sound basis will also require the devising of a method for providing internal revenue and the inauguration of an adequate system of audit and control of Haitian revenues in general. It is hoped that when these steps have been taken, the balance sheet of the Haitian Government will show a yearly margin of receipts over expenditures. Your recommendations to the Haitian Government on financial affairs should invariably have this end in view.

It has been suggested to this Government by the Government of Haiti that the offices of Financial Adviser and General Receiver of Haitian Customs, established by the Treaty of 1915, may well be consolidated in one office in order that the additional expense incurred by the Haitian Government in maintaining these two separate offices may be avoided. The Department views this recommendation of the Haitian Government with favor, but before reaching any definite decision in the matter desires your recommendations as to the desirability of this suggested change and as to the best manner in which such reorganization might be effected.

It is desired that prior to final approval of the yearly budget by the Haitian Government, the Financial Adviser of Haiti submit the budget and his recommendations to the High Commissioner. The latter will then determine, in consultation with the Financial Adviser, the general form which the expenditures of the Haitian Government should, in his opinion, take for the coming year. After a decision has been arrived at, the budget will be submitted by the Financial Adviser to the Haitian Government, and in the event that

the Haitian Government disagrees with the nature or amount of the appropriations provided in the budget, the budget will be once more submitted by the Financial Adviser to the High Commissioner in order that he may, if possible, reach an agreement thereon with the Haitian Government directly. In the event that agreement is even then found impossible, the matter in dispute will be referred to the Department of State for final adjustment in order that its decision may be officially communicated to the Haitian Government. It is understood that the greater part of the friction which has existed in the past between members of the Haitian Government and the United States Treaty officials in Haiti has been due to disputes over the provisions of the Budget and it is intended that the method of procedure outlined above will make possible an avoidance of such conditions in the future.

(3) Gradual withdrawal of the Forces of Occupation and enlargement and improvement of the Haitian gendarmerie. The United States Forces of Occupation in Haiti have brought about general tranquillity throughout the Republic by preventing a continuance of revolutionary movements and by bringing about a cessation of bandit activities. From the information received by this Government, it appears that the great majority of the Haitian people are grateful for the services rendered by the United States Forces of Occupation, and it likewise appears that the greater part of the charges of alleged outrages and atrocities which have been brought against the American marines are unfounded. It is, however, essential that the most rigid measures be taken to prevent any unwarranted injury to the person or property of Haitian citizens by any member of the armed forces of the United States in occupation. It is understood that the United States marines composing the Forces of Occupation cannot be withdrawn from Haiti until the native constabulary, or gendarmerie, is better organized and disciplined than it is at present, without a recurrence of disorder. Inasmuch as it is the desire of the Government of the United States, however, to withdraw its Forces of Occupation as soon as may be possible, it should be one of the chief purposes of your mission to assist the Haitian Government in improving the discipline and organization of the gendarmerie and in bringing about an increase in the number of men enlisted, if necessary, so as to make the gendarmerie, in as brief a period of time as possible, competent in itself to maintain order in Haiti without American assistance. It is believed that if such reorganization of the gendarmerie be taken up by the Haitian Government, with your support, the presence of the United States Forces of Occupation will not be necessary after a few years' time, except, perhaps, small bodies of marines in Port-au-Prince and Cape Haitien as Legation and Consular Guards.

(4) Carrying out of plans for the prosperity and economic development of the Haitian Republic. Upon consideration of the needs of the Haitian people at the present time and in devising methods for furthering the economic development and prosperity of the Haitian people, the two outstanding needs of the Haitian Republic appear to be reform in the Haitian Judiciary and reform in the system of education. The Department desires you, upon your arrival in Haiti, to devote careful study to the condition of the Haitian Judiciary and to formulate recommendations whereby a far higher standard of ability and integrity may be obtained, bearing in mind, however, that the Department considers it essential, if at all practicable, that changes in the system now in force and improvement in the Judiciary should be accomplished through the Haitian Government and not through any foreign agency.

This Government is advised that the system of education which now exists in Haiti is inefficient. After careful consideration of this question, it is believed that a proper system of education can be brought about in Haiti only after the general direction of education is placed in the hands of a competent American officer having under his jurisdiction the necessary number of foreign or Haitian inspectors. It is therefore desired that you enter into negotiations with the Haitian Government looking towards the incorporation in the Treaty of 1915 of an additional article of the following tenor:

“The Republic of Haiti, being desirous of furthering the economic development and progress of the country and the education and advancement of its citizens, agrees to undertake to execute such measures as, in the opinion of the High Contracting Parties, it may be necessary to take for the advancement of education in the Republic, under the supervision and direction of an official to be appointed by the President of Haiti upon nomination of the President of the United States.”

It is not intended that the power vested in the Treaty official, whose office it is intended should thereby be created, should consist solely in the supervision of the Ministry of Public Instruction, but that such official should be granted, on behalf of the United States, the right to control education in Haiti and to inaugurate, if found desirable, a system of manual training schools and of agricultural experimental stations.

The failure of the Haitian Government to float the loan provided for by the Protocol of October 3, 1919, entered into by the two Governments,² has rendered it impossible for that Government to carry out public improvements in the Republic to any considerable extent. It is believed that once the necessary loan is obtained, very

² *Foreign Relations*, 1919, vol. II, p. 347.

material progress should be made in this direction in a comparatively short time. Development in communications and improvement in sanitary conditions should be comprehended in any program of this character.

In the pursuance of your duties as High Commissioner, and in your dealings with the members of the Haitian Government, it is desired that you bear in mind at all times, that the sole desire of the Government of the United States in its relations with the Republic of Haiti is to advance the welfare, both moral and material, of the Haitian people, with the hope that the assistance which the United States is enabled to bring to them will enable them, at no distant date, to undertake the task of maintaining a National Government, with no further interference on the part of this Government in their domestic affairs. You should likewise bear in mind that our intervention in Haiti and the continuance of the Occupation, based upon the obligations imposed upon the United States by the Treaty of 1915, is designed neither for the satisfaction of the United States, nor for the accomplishment of the theoretical views of this Government, nor for the promotion of any selfish purposes or ambitions on the part of the United States, but is designed solely in order that the happiness, tranquillity and welfare of the Haitian people may be advanced and in order that they, themselves, may be enabled to maintain a National Government established in accordance with the provisions of the present Constitution of the Republic, or of whatever other Constitution the Haitian people may later adopt. Finally, in your recommendations and advice to the Haitian Government, you should remember that whatever measures you may urge that Government to take should conform to the customs, habits, and even to the prejudices of the Haitian people, so far as may be consistent with the accomplishment of the indispensable requisites of stable and efficient government.

I am [etc.]

CHARLES E. HUGHES

711.88/156a

President Harding to President Dartiguenave

WASHINGTON, February 13, 1922.

GREAT AND GOOD FRIEND: I am availing myself of the opportunity presented by the return to Haiti of Brigadier General John H. Russell to send to Your Excellency, by means of this letter, the renewed assurances of my most cordial friendship and the expression of my hope that a happy and satisfactory solution may soon be reached of the problems which now confront Your Excellency's Government.

General Russell is returning to Haiti as my High Commissioner, with the rank of Ambassador Extraordinary. I have noted with deep regret that the objects of the Treaty which was entered into by the Governments of the United States and Haiti on September 16, 1915, have not been promoted so rapidly as this Government had anticipated. I believe that the reason for this may in part be due to the fact that there has not, in the past, been the necessary spirit of cooperation between the members of Your Excellency's Government and the officials nominated under the treaty of 1915 by the President of the United States and appointed by the President of Haiti. It will be the duty of General Russell, upon his return to Haiti as my High Commissioner, to supervise generally the work of the officials so appointed, and it is my thought that this supervision, leading to a more efficient conduct of the administration for which the Treaty provides, may remove whatever causes for friction between the officials of the two Governments may, in the past, unhappily, have existed and make possible an effective and loyal cooperation between the two Governments in the accomplishment of the purposes for which the Treaty was entered into. While routine communications will, in the future, as in the past, be conveyed to Your Excellency's Government through the American Legation at Port au Prince, it is my intention that messages of importance from this Government to that of Your Excellency will be communicated, after General Russell's return to Haiti, through my High Commissioner, and I trust that Your Excellency will lend him that necessary support which alone can make his mission successful.

In conclusion, I wish to make known to Your Excellency the sincere hope of this Government that the assistance which the Government of the United States, by reason of its Treaty obligations, is lending at this time to the Government of Haiti may effectively promote the happiness, welfare and prosperity of the Haitian Government and people, and permit me, likewise, to state, on behalf of this Government, that it is the most earnest desire of the United States that the day may soon come when the tranquillity and economic prosperity of the Haitian Republic and the finances of the Haitian Government will be on so stable and so sure a basis that the intervention of the United States in Haitian affairs will no longer be necessary.

Your Good Friend,

WARREN G. HARDING

By the President:

CHARLES E. HUGHES

Secretary of State

838.00/1858

The High Commissioner in Haiti (Russell) to the Secretary of State

No. 13

PORT AU PRINCE, April 10, 1922.

[Received April 18.]

SIR: I have the honor to make the following report upon the political situation:

Shortly after my return to Haiti I learned from reliable sources that the President of Haiti had announced to the Council of State the Monday before my arrival at Port au Prince that I was returning to Haiti and that as soon as I arrived I would issue a declaration supporting him for the Presidency. I carefully avoided politics in my first talks with the President on my return and he did not announce officially his candidacy until about ten days ago. Two days after such announcement he sent for me very hurriedly at an early hour of the morning, stated that there was considerable feeling evidenced in the press against him and asked me if he should withdraw. I informed him that that was entirely a personal matter but that as far as I was concerned there was no reason for his withdrawal, that officially I must preserve an absolute neutrality regarding all candidates and that I wanted the election to be in accordance with the laws and Constitution of Haiti. He told me that he would gather his forces together and run for the Presidency.

About this time practically all the newspapers and organizations in Port au Prince united against Mr. Dartiguenave, even to the extent of attempting to hold a mass in the Cathedral for deliverance from his regime. The President frequently appeared before the Council of State, requested the votes of its members for himself and in the case of one member who announced his candidacy for the Presidency he took such announcement for the resignation of this gentleman. Such action, however, on the part of the President was not accepted by the Council of State, which directed his attention to a law prohibiting the dismissal of members of the Council of State while such body was in session. Five or six days ago the Minister of Foreign Affairs called at my house, informed me that he was desirous of seeing me accomplish my mission in Haiti and that he wanted to inform me that there was great feeling against the President, Mr. Dartiguenave, and that he thought someone else should be put in office who would work in harmony and sympathy with the Americans. This gentleman then stated that in his opinion I should call a private session of the Council of State for Saturday afternoon, the eighth of April, and inform that body that they should select someone who was in entire sympathy with the United States in its work in Haiti and perhaps suggest to it one or two names. The

Minister of Foreign Affairs is himself a candidate for the Presidency.

I informed the Minister of Foreign Affairs that my attitude must be one of neutrality and that I was desirous of seeing a free and open election and that I did not deem it proper or fitting for me to appear before the Council of State in the manner he suggested. The Minister, however, repeated his visits to me during the week and on one occasion even wrote out a few words that he suggested I say to the Council of State. On Saturday morning, April 8th, so many reports were floating about concerning my attitude regarding the election and the situation was so tense, with possibilities of disorders in the city, that I deemed it proper and the time fitting to issue the following notice to the press:

It is my desire that you publish in your papers an earnest request to the people that during the coming election they conduct themselves in an orderly manner.

The people must learn that they must abide by the laws and the Constitution of their country and that a violation of the laws is not only not in the interests of their country but not in their own interests.

It is my hope that the moment the election is over we will all put our shoulder to the wheel and push together for the development of Haiti. "Push for Haiti" should be the slogan, the watchword of all.

If such is done in a short time Haiti will become a land of happiness and prosperity.

In the coming election I espouse the cause of no candidate. The obligations contained in the Treaty of 1915 between the Republic of Haiti and the United States must, naturally, be carried out to their fullest extent.

The above notice was published in the evening papers and before issuing I gave a copy of it to the Minister of Foreign Affairs and asked if the Government had any objection, to which he replied it had not. This action on my part it is believed was taken at exactly the right time and had a most beneficial effect in clearing the atmosphere, making all parties happy and contented, and the possibilities of disorder faded away.

The Council of State was immediately invited to meet the President at the Palace, where he again informed them that he desired to be elected and wanted its support. Only one member replied to him. Later on in the day a straw vote taken at a secret session held at the house of the President of the Council resulted in only four votes for the present incumbent. Accordingly a committee was appointed to notify Mr. Dartiguenave of the result of this vote, and I am informed he then withdrew his candidacy.

On Sunday morning, at an early hour, the Minister of Foreign Affairs visited me at my house and again urged me to go before the

Council of State. This I flatly refused to do, telling him, as I had done before, that the Council of State must elect a President in accordance with the laws of Haiti, the Constitution and their own consciences, keeping in view the necessity for electing someone who would carry out to the fullest extent the Treaty of 1915. . . .

Sunday, the ninth, numerous straw votes were taken by the Council of State and it appears that they have decided upon the President of that body, Mr. Stephen Archer, as the next President of the Republic.

It is my intention, whoever is elected President this morning, to at once have him call on me and inform me regarding his policy. Mr. Archer has already stated his desire, if elected, to at once visit me and give me the above information.

I have [etc.]

JOHN H. RUSSELL

838.00/1855 : Telegram

The High Commissioner in Haiti (Russell) to the Secretary of State

PORT AU PRINCE, April 11, 1922—noon.

[Received April 12—2:40 p.m.]

38. Louis Borno elected President by Council of State last night at 7:20. . . .

RUSSELL

838.00/1856 : Telegram

The High Commissioner in Haiti (Russell) to the Secretary of State

PORT AU PRINCE, April 13, 1922—noon.

[Received 8:25 p. m.]

39. My 38, April 11, noon. On investigation proceedings of Council of State appear to have been entirely legal regarding eligibility of Louis Borno for Presidency. Have had talk with Mr. Bonamy, Chief Justice Court of Cassation, who stated that laws passed by National Assembly or Council of State could if unconstitutional be referred to Court of Cassation but that action such body [*sic*] could not be so referred, its decision being final in Borno case. Eligibility was first considered and by unanimous vote of 14 members present he was considered eligible. Official election decree appears in yesterday's *Moniteur*. If practicable in view of above shall at once officially recognize Louis Borno as having been elected. No chance of present administration considering loan.^a

RUSSELL

^a For papers concerning loan, see pp. 472 ff.

838.00/1855 : Telegram

The Secretary of State to the Chargé in Haiti (Dunn)

WASHINGTON, April 17, 1922—4 p. m.

35. For General Russell.

Your April 13, noon.

If you are satisfied with the regularity and constitutionality of Borno's election, you are authorized to state that this Government will recognize him as having been elected President.

HUGHES

838.00/1875 : Telegram

The Secretary of State to the Chargé in Haiti (Dunn)

WASHINGTON, May 12, 1922—4 p. m.

40. For General Russell:

Your despatch No. 24, April 28.⁴

The Haitian Minister has made representations to the Secretary of State, setting before him the documents of which copies were transmitted by you, regarding the eligibility of Monsieur Borno. He was told that in view of the decision of the Council of State regarding Borno's eligibility, which decision is apparently not subject to review by any other body, the question of eligibility must be regarded as closed.

HUGHES

838.51/1400a : Telegram

The Secretary of State to the Chargé in Haiti (Dunn)

WASHINGTON, October 12, 1922—4 p. m.

88. For General Russell.

Mr. McIlhenny asks you to communicate following message to President Borno: "Please accept my resignation as Financial Adviser to be effective this date October 11th."

HUGHES

838.51/1403a : Telegram

The Acting Secretary of State to the Chargé in Haiti (Dunn)

WASHINGTON, October 14, 1922—5 p. m.

91. For General Russell.

Please inform President Borno that the President has nominated Mr. John S. Hord as Financial Adviser to Haiti in place of Mr.

⁴ Not printed.

McIlhenny, and request that Hord's appointment, as in similar cases, be made effective from this date.

HARRISON

838.51/1448

The High Commissioner in Haiti (Russell) to the Secretary of State

No. 81

PORT AU PRINCE, November 9, 1922.

[Received November 25.]

SIR: I have the honor to report that the Financial Adviser, Mr. John S. Hord, has received his appointment from the Haitian Government and has assumed his duties as Financial Adviser to the Republic of Haiti.

I have [etc.]

JOHN H. RUSSELL

CONTRACT FOR A LOAN TO HAITI FROM THE NATIONAL CITY BANK
AND THE NATIONAL CITY COMPANY *

838.51/1189

The Chargé in Haiti (Jordan) to the Secretary of State

No. 564

PORT AU PRINCE, January 4, 1922.

[Received January 14 (?).]

SIR: Referring to my radio number 94 [92] of December 30 [28], 4 p. m.,^a I have the honor to forward herewith the reply of the Haitian Government to the loan offers of the three banking houses transmitted to it through this Legation. The French text only is herewith enclosed as the translation has not been completed and I considered it imperative that a copy be forwarded to the Department by the first boat. As soon as the translation is complete I shall send it by first mail.

I have [etc.]

CURTIS C. JORDAN

[Enclosure—Translation †]

The Haitian Secretary of State for Foreign Affairs (Barau) to the American Chargé (Jordan)

In the name of the Haitian Government, and in answer first, to the *note verbale* dated December 5, 1921,^a by which the Department

^a For previous correspondence, see *Foreign Relations*, 1921, vol. II, pp. 205 ff.
[†] *Ibid.*, p. 222.

[†] File translation revised.

^a Based on Department's telegram no. 61, Nov. 18, 1921, *Foreign Relations*, 1921, vol. II, p. 220.

of State makes known that it has already considered with great care the objection of the Haitian Government on the question of the lapse of the protocol of October 3, 1919,⁹ and that it has arrived at the definite conclusion that the nonperformance by the Haitian Government of its undertakings does not relieve it of its obligation as long as the other party opts in favor of the protocol;

Secondly, to the supplementary note handed to His Excellency the President of the Republic on December 6,¹⁰ on the subject of the offer of a loan from the bank of Messrs. Lee, Higginson & Co., of New York;

Thirdly, to the supplementary memorandum transmitted to the Government through the intermediary of the Department of Foreign Affairs December 6,¹¹ concerning the modifications on the loan propositions presented by the Speyer group and National City Co.;

The Secretary of State for Foreign Affairs has the honor to declare that the Haitian Government persists in believing that according to law the protocol of October 3, 1919, has lapsed, but that the difficulty can be solved by inserting in the loan law such clauses as are approved by the Department of State in the note of December 6.

In this law, there shall be enacted the following provisions:

1. The Haitian Government takes the position that the member who is to be appointed to the Claims Commission¹² shall be named by the Government and not by the Secretary of State for Finance.

2. With regard to the Claims Commission to be instituted by virtue of the agreement made between the Department of State and the French and English Governments,¹³ the Haitian Government proposes the following provision:

It is, however, understood that during the period during which the claims shall be examined, the third member, instead of being designated by the Financial Adviser, may be named by the government of the claimant, and each government shall be charged with the payment of the referee named by it.

Further, claimant governments reserve the absolute right to submit to an arbitral tribunal composed of two members, one named by the Haitian Government, the other by the claimant government, and a third referee who shall be designated by common agreement of the two Governments, all claims on which the decision rendered by the Claims Commission may not be satisfactory to them. The expenses of this tribunal of appeal shall be paid in equal proportion by the two interested Governments.

⁹ *Ibid.*, 1919, vol. II, p. 347.

¹⁰ See Department's telegram no. 60, Nov. 14, 1921, *ibid.*, 1921, vol. II, p. 217.

¹¹ Not printed.

¹² For papers concerning the institution of the Claims Commission, see pp. 535 ff.

¹³ See *Foreign Relations*, 1920, vol. II, pp. 827 ff.

3. Insofar as it is within the jurisdiction of the Commission to pronounce on the debt due to the National Bank of the Republic of Haiti, it shall be stated that the \$600,000 statutory loan be restored and held at the order of the Haitian Government;

4. As to the sum due as interest on the bonds of the National Railway Co. of Haiti, it shall be stated that the Republic of Haiti reserves the right to come to an agreement with the holders of the obligations of the National Railway Co. in order to pay part in cash, to be drawn from funds from the loan, and part in claims to be amortized in proportion and to be added to the obligations already subscribed. It shall be stated further that as to the sum due the National Railway Co. for interest claims, the Commission shall not be competent to pass upon it after its verification in accordance with the contract and its acceptance by the Financial Adviser.

5. As to the sum due the National Company of the Plaine du Cul-de-Sac, there is no occasion for a provision, as it is purposeless, the sum of \$35,000 gold having been paid to this end by an extraordinary credit of December 24, 1920;

6. The following clause shall be inscribed by virtue of a memorandum from the American Minister, November 6, 1920:¹⁴

It is understood that the bonds issued in 1912, 1913, and 1914, representing the internal consolidated debt of Haiti, cannot be considered as pecuniary claims, but are debts which have been liquidated and consequently must be paid without the necessity of being submitted to the Claims Commission.

The same applies to the debts of the Sambour Commission and the Féquière Commission.¹⁵ The internal debt and the recognized floating debt shall not be verified anew; their payment shall be subject to an understanding between the Haitian Government and its creditors.

The nonliquidated and unrejected credits shall be submitted to the Claims Commission.

7. In regard to the payment of each recognized claim determined by the Claims Commission, the following arrangement shall be made: The proportion to be paid in cash shall not exceed one-half of the award.

8. The amount of the loan must be changed. It must be stated that the Republic of Haiti engages itself to contract, in accord with the Financial Adviser, a national loan which shall not exceed \$16,000,000 in nominal bonds payable in 30 years by annual drawings at par or through purchase on the market below par.

The reasonable time for notice of withdrawal is to be fixed at 3 months, and likewise for the redemption of the loan the term of 15 years must be changed to 10 years.

¹⁴ Based on the Department's telegram no. 96, Nov. 1, 1920, 7 p. m., *Foreign Relations*, 1920, vol. II, p. 847.

¹⁵ Commissions created to verify the floating debt. The Sambour Commission was established by law, Sept. 9, 1911; the law validating its findings was abrogated by the treaty of Sept. 16, 1915. The Féquière Commission was established on Nov. 4, 1916.

9. Holders of the bonds of the loans of 1896 and 1910 not being obliged to accept bonds in exchange for their claims, it must be stated that the bonds of the loans of 1896 and 1910 will be redeemed in accordance with the contract of issue of these said loans (the total sum owing to be held at their disposal in francs converted at the most favorable rate by the Haitian Government). The same is to apply to all the categories of debts to be settled out of the funds of the loan; they must be paid in American gold unless the parties consent expressly to settle their claims in part or in whole with bonds of the loan.

10. It must be stated that all sums not employed after the settlement of the debts and claims shall be applied to public works, to agriculture, and to public instruction.

11. The Haitian Government insists that it be clearly understood that the payment of the interest and amortization of this loan shall be guaranteed by a monthly levy of one-twelfth of each yearly installment on the first receipts of import duties of every month, up to the aforesaid twelfth.

This levy shall be under the control of the General Receiver of Customs established by the convention of September 15 [16], 1915,¹⁸ to the extent and during the life of the convention; after the expiration of the convention the sum above mentioned, to be levied from the first monthly receipts of import duties, shall be kept for the account of the rightful creditor by the National Bank of the Republic of Haiti performing the duties of the Treasury, or by any other establishment performing this service if the contract of the National Bank of the Republic of Haiti comes to an end before this time.

12. The sums allotted to the members of the Commission appear excessive; the \$8,000 for salary and \$2,000 for expenses may be reduced to a net figure of \$6,000.

The expenditures made by the Commission for aides, experts, and general expenses should not exceed \$10,000 per year.

13. It shall be inserted that the Government of Haiti engages itself to present to the legislative body the measures necessary to give full effect to these provisions.

These provisions shall be presented for the sanction of the legislative body in the loan law.

The Secretary of State for Foreign Affairs is commissioned to declare that of the three groups of lenders, there is no occasion to consider the propositions made (1) by the Speyer group or (2) by the National City Co., because propositions providing for two series of bonds must be abandoned once for all.

The proposition of the banking house of Messrs. Lee, Higginson & Co. of New York is the one that is to be accepted. It is summarized as follows:

Direct and immediate issue of \$16,000,000 in obligations of 30 years, 6% bonds, at the rate of 85, redeemable by purchase on the

¹⁸ *Foreign Relations*, 1916, p. 328.

market up to par or by drawings at par if the quoted price is above par; not redeemable before 15 years, except by gradual amortization necessitating an annuity of \$1,110,000, to be increased by \$5,000 a year up to the 29th year (the 30th annuity shall be \$833,645), which, with the yearly appropriation of 25% of all revenues above \$7,000,000, up to \$250,000, is the yearly total for amortization.

The Government is disposed to accept a loan offer of this nature, but with the modifications stated above included in the provisions of the loan law, and under the reserve of propositions allowing less unfavorable rates of issue and also a lower rate of interest, as appears from the explanatory note of the Ministry of Finance¹⁷ annexed to this memorandum.

PORT AU PRINCE, *December 30, 1921.*

888.51/1189 : Telegram

The Secretary of State to the Chargé in Haiti (Jordan)

WASHINGTON, *January 16, 1922—6 p. m.*

4. Your despatch 564, January 4, 1921 [1922].

Inform Haitian Government in reply to its memorandum to you, dated December 30th, that Department cannot take into consideration any suggestion questioning validity of the Protocol, which this Government considers to be in full force and effect, and must stand upon its suggestion that authorization be sent to the Financial Adviser to undertake formal negotiations for a loan.

HUGHES

888.51/1195 : Telegram

The Chargé in Haiti (Jordan) to the Secretary of State

PORT AU PRINCE, *January 20, 1922—9 a.m.*

[Received January 21—9:45 a.m.]

7. Department's 4, January 16, 6 p. m. The Haitian Government in a note states that it takes note of the declaration of the Department of State and that it is disposed to authorize the Financial Adviser to enter into formal negotiations for a loan of the nature of the proposition of Lee, Higginson Company with certain modifications which will be carried in the loan law and which have been indicated in its memorandum of December 30th, 1921. The Haitian Government continues to hope to find, with the aid of the United States Government, an offer much more advantageous considering that at the present time the financial market seems to have improved. I am

¹⁷ Not printed.

reliably informed that a representative of the Speyer-Blair group named Carl von Zielinski, 90 Wall Street, was recently in Haiti and had a personal interview with the President and several conferences with the Minister of Finance relative to a new offer of loan on better conditions than the preceding ones. The interviews and conference were kept secret and did not become known until after his departure for New York.

JORDAN

838.51/1195: Telegram

The Secretary of State to the Chargé in Haiti (Jordan)

WASHINGTON, January 24, 1922—6 p. m.

8. Your 7, January 20, 9 a. m.

Inform Haitian Government that Department does not discover in its note to you any departure from the position it took in its memorandum of December 30th. A loan negotiated by the Financial Adviser on any basis not recognizing the Protocol as being in full force and effect would not receive the sanction of this Government under the Treaty.

Department is preparing and will shortly mail to you draft of law authorizing loan and giving effect to provisions of Protocol as a counter proposal to Haitian draft in memorandum of December 30th.

HUGHES

838.51/1201: Telegram

The Chargé in Haiti (Jordan) to the Secretary of State

PORT AU PRINCE, January 31, 1922—2 p. m.

[Received February 1—10:15 a. m.]

13. Department's 8, January 24, 6 p. m. The Haitian Government in a note dated January 31 states that it considers that legally the protocol of 1919 has expired but since the Government of the United States deems that this protocol has still full force and vigor the Haitian Government purposes only to carry in the loan law certain provisions (précisions) the greater part of which proceeds from the modifications suggested by American Government itself; that it has moreover demonstrated in its note December 30th last that without new taxes (if the loan of 16 millions submitted by Lee, Higginson and Company, although comparatively better than the other two propositions, were under forced conditions) the Republic of Haiti would be confronted by an annual deficit of \$1,000,000 in making the regular service of the budget and the service of the loan; that

at the present time it is for the Government of the United States, who desires to bring to the Haitian Government efficacious aid, to make known the provisions proper to carry in the loan and to lend its good offices to the Haitian Government to obtain certain [modifications?] in the conditions of the loan.

JORDAN

838.51/1189

The Secretary of State to the Chargé in Haiti (Jordan)

No. 474

WASHINGTON, February 2, 1922.

SIR: In confirmation of the Department's telegram No. 6, January 23, 1922, 6 p. m.,¹⁸ you are instructed to hand to Mr. A. J. Maumus, the General Receiver of Customs,¹⁹ a copy of this instruction, for his guidance, as follows:

The instructions originally given to the General Receiver of Customs to set aside, commencing with the month of October, 1920, \$175,000 monthly out of the customs receipts for the service of the debts recognized in the Protocol of October 3, 1919, as valid, contemplated:

- (a) The service of the external loans.
- (b) Setting aside a sufficient amount to meet the annual interest of \$103,989.29 on the note to the Banque Nationale.
- (c) Payment of the interest guaranty amounting to \$41,280 annually on a portion of the capital stock of the P[laine du] C[ul-de-] S[ac] railroad.
- (d) Setting aside a sufficient amount to meet the interest guaranty amounting to \$212,674.90 annually on the National Railroad Company bonds.
- (e) The use of the difference between the amounts so paid or set aside and the monthly segregation of \$175,000 to pay the arrears of interest guaranty due to the P. C. S. railroad, and to establish a fund with which to pay the arrears of interest and the principal of the note to the Banque Nationale and the arrears of interest guaranty on the National Railroad bonds.

Almost immediately thereafter the world economic crisis came, and in order that the necessary current expenses of the Haitian Government might be paid authority was given to use that part of the \$175,000 monthly segregation in excess of that necessary to cover items (a), (b), and (c) to meet the deficits in amounts available for Haitian Government current expenses, with the understanding, however, that the amounts so used were to be considered as an ad-

¹⁸ Not printed.

¹⁹ Mr. Maumus was also Acting Financial Adviser during Mr. McIlhenny's absence in the United States.

vance and were to be reimbursed at any time in the future when the amount available for Haitian Government current expenses should exceed the amount required for that purpose.

During the year ended September 30, 1921, items (a), (b), and (c) were served from the monthly segregation of \$175,000 and the arrears of interest guaranty due to the P. C. S. railroad were paid; amounts were advanced from the monthly segregation for interest and amortization to meet the monthly deficits in amounts available for Haitian Government expenses; and there is now available of the total segregation for interest and amortization for the fiscal year ended September 30, 1921, approximately \$250,000.

Of the amount so available for the preceding fiscal year the Department desires that the General Receiver pay at once the arrears of interest on the note to the Banque Nationale, amounting it is believed to \$103,989.29. It is further desired by the Department that the remainder of the interest and amortization fund for the fiscal year 1920-1921 be transferred to the credit of the General Receiver in New York and remain there at interest as a special deposit for interest and amortization, to be applied ultimately to payment of the principal of the note to the Banque Nationale, or of the arrears of interest guaranty on the National Railroad bonds, or both.

With respect to the use of this \$175,000 monthly segregation for the current year, the Department desires that the General Receiver apply it in accordance with Article V of the Treaty as follows, beginning with the month of January, 1922:

- (a) The service of the external loans, the maturities of which during the calendar year 1922 will require Frs. 6,964,786.04 for interest and amortization and contractual commissions.
- (b) Setting aside at the rate of \$103,989.29 per annum a sufficient amount to meet at the end of the year or when paid, the interest on the note to the Banque Nationale.
- (c) Payment of the interest guaranty due to the P. C. S. railroad, amounting to \$41,280 per annum, as and when authorized by the Haitian Government.
- (d) Setting aside and transferring monthly to New York the sum of \$20,676.73 to the credit of the special deposit account for interest and amortization above mentioned, this being the amount necessary to meet the annual interest guaranty (\$212,674.90) and also the sinking fund requirements (\$35,445.81) on the National Railroad bonds.
- (e) The service of the Compagnie Haitienne de Construction short-term notes in accordance with the terms of the notes, requiring \$84,000 per annum.
- (f) Setting aside monthly a sufficient amount to pay the interest only on the funded internal loans of 1912, 1913, 1914 A, B, and C and the Bons Fouchard. As amortization is not to be paid on these debts for the present, semi-

annual interest on these debts should be fixed by the General Receiver in such a way that maturities will be distributed throughout the year, and payment of interest should be made on the dates so fixed. This will require a total annual amount of \$147,168.54. As the service of interest on all the loans is to be resumed, without regard to the product of the revenues pledged to the service of each loan, the sums now in the Banque Nationale available for the service of the internal loans will be combined and devoted to the payment of the first maturity so fixed.

(g) Any balance remaining after the amounts required for the above purposes have been set aside or paid may be used as follows:

1. To meet deficits in the amounts available for Haitian Government current expenses, if there is a deficit, the amount so used to be treated as an advance subject to future reimbursement, as before.

2. If there is no deficit or the deficit requires the use of only a part of the balance, the balance remaining to be applied as reimbursement of the amount advanced from the interest and amortization fund during the fiscal year 1920-1921 and during the first three months of the present fiscal year, and to be transferred to the credit of the General Receiver's special deposit for interest and amortization in New York, mentioned above, and reserved for the purposes above indicated.

3. After the amounts advanced from this fund have been fully reimbursed, the General Receiver will use any remaining balances in his discretion, applying them equitably to amortization of the various debts (including arrears of interest and amortization on the internal funded debts), in consultation with the Financial Adviser.

In no circumstances will any part of the fund transferred to New York to the credit of the special deposit account for interest and amortization above mentioned be considered as available, after such transfer, to meet deficits in the amounts available for current expenses of the Haitian Government; and steps should be taken in cooperation with the Financial Adviser to apply the amounts to the credit of this special deposit account for interest and amortization to amortization of the note to the Banque Nationale, if partial amortization is acceptable to it, until the balance due on said note is reduced to \$1,100,000, and to payment of the arrears of interest guaranty on the National Railroad bonds. With regard to the latter efforts should be made by the General Receiver to reach an agreement with the receiver of the railroad and through him with the bondholders to the end that such bondholders will agree, as a condition of the definite and permanent resumption of the service of the interest on the bonds, to accept payment of interest in francs and not

exercise their right to elect to receive payment in dollars. As soon as such arrangements are completed, or immediately if the Banque Nationale does not object, the amount now in the Banque Nationale available for this interest guaranty, which is understood to be \$8,126.04, should be added to this special deposit account for interest and amortization and reserved for the ultimate service of the arrears of interest on these bonds. So long as the present depreciation in the franc continues, this will permit the payment of coupons in arrears every two or three months, and possibly more rapid extinguishment of the arrears if improvement in Haitian revenues continues. If after negotiations it is found impossible to reach an agreement with the receiver and the bondholders on this basis it will presumably be necessary to resume service on the basis of payment in dollars in New York. The General Receiver should, however, arrange with the receiver to have carefully checked all cases where the bondholders accept payments in France in depreciated currency, with a view to having the receiver of the railroad account to the Haitian Government for any portion of the guaranty saved by reason of such payments by the railroad in depreciated French currency. Until the arrears of interest have been fully paid, it would not be proper to utilize the portion of the fund available for sinking fund purposes in purchases of the bonds, but when payment of the arrears of interest shall have been completed, an arrangement can no doubt be made with the receiver of the railroad whereby under proper safeguards to protect the interests of the Haitian Government the amount which may have accumulated for sinking fund purposes may be used in purchases of the bonds in Paris and in francs. If arrangements along the above lines can be made with the receiver of the railroad, it may be advisable for the receiver of the railroad to transfer a part of the special deposit account for interest and amortization of the National Railroad bonds to Paris and convert the accruals to the interest and sinking fund on these bonds into francs monthly.

It is understood that the General Receiver has on deposit in New York to the credit of his current account a sum of approximately \$150,000. Under the appropriation acts of the past fiscal year, whereby the balances of prior years were made available to meet current expenses, this portion of the General Receiver's current account was available for that purpose. Instead of using it for that purpose, however, on the occurrence of deficits in the amounts available for Haitian Government current expenses, amounts were advanced to meet those deficits from the fund for interest and amortization maintained in Haiti. The Department recognizes that it is necessary for the General Receiver to maintain a certain fund in New York with which to meet current expenses incurred in the

United States, and while not desiring to have this practice changed believes that it should be distinctly understood that any part of this fund not needed for the purpose for which it was established should be devoted to reimbursing the interest and amortization fund for the amounts advanced from it to meet deficits in the amounts available for current expenses of the Haitian Government during the past year. In other words, so long as the advances which have been made shall not have been reimbursed, the funds to the credit of the General Receiver in New York in excess of the amounts needed to meet current expenses incurred in the United States should be regarded as obligated for the advances which have been made from the interest and amortization fund. If, in the opinion of the General Receiver, the amount now on deposit to the credit of his current account in New York is in excess of that required for the purposes for which the fund was created, the excess may be formally transferred to the special deposit for interest and amortization in New York as a partial reimbursement of the amounts advanced from the fund for interest and amortization during the past fiscal year. This will obviate any pressure for the use of such excess to meet possible future deficits in amounts available for Haitian Government current expenses.

It is desired that henceforth the General Receiver of Customs shall proceed in the full exercise of his authority and responsibility under Article V of the Treaty in the allocation of the Haitian customs revenues, and all previous instructions waiving the allocation therein provided and based upon the inadequacy of receipts to meet current expenses are revoked except so far as concerns the use of the balance remaining after service of the debts to the extent outlined above. It is the Department's intention that henceforth the Receiver General's minimum obligation under Article V of the Treaty as above outlined relating to the service of the recognized portion of the public debt shall not be reduced, and the Treaty observed at all costs. Should the amount remaining after the service of the debts as above outlined be insufficient at any time to meet the remainder of the budget for Haitian Government current expenses, the matter should be brought to the attention of the Haitian Government, and of the Financial Adviser, in order that appropriate steps may be taken at once to increase the revenues to meet the deficit and prevent a new increase in the floating debt.

The Bureau of Insular Affairs has been furnished with a copy of this instruction.

I am [etc.]

For the Secretary of State:

HENRY P. FLETCHER

711.88/168 : Telegram

The High Commissioner in Haiti (Russell) to the Secretary of State

PORT AU PRINCE, *March 15, 1922—3 p. m.*

[Received March 16—10 a. m.]

27. On Monday, 13th, presented my credentials to President of Haiti.²⁰ Received by President with ceremony and in reply to short address by me he announced desire of his Government to work in complete accord with United States.

Tuesday, 14th, had lengthy private interview regarding necessity for immediate loan.

As result of interview yesterday President sent his Ministers of Foreign Relations and Finance to Legation this morning and we had lengthy and frank discussion of loan.

Minister of Finance desired to call for new bids stating believed now could obtain better conditions. I objected and requested that Lee, Higginson bid, which was submitted [in] good faith and for which Haitian Government had shown preference, be accepted at once.

Minister of Finance then requested two changes: First, that funds on deposit at end of receivership be returned to control of Haitian Government; second, that Haitian Government maintain control over internal revenue hiring experts under contract to assist it.

Both requests were frankly discussed from all angles. I deem it advisable to accede to first request as receivership can be extended if necessary. Second request I flatly refused to accede to and spoke very frankly on the subject and I believe both Ministers were much impressed.

They left greatly pleased with interview and stating that they would report to the Council tomorrow and meet me again at Legation, Friday afternoon.

Urgently request that loan law be forwarded at once and that I be notified probable date arrival.

RUSSELL

838.51/1235 : Telegram

The High Commissioner in Haiti (Russell) to the Secretary of State

PORT AU PRINCE, *March 22, 1922—2 p. m.*

[Received March 23—9:40 a. m.]

30. Last night had frank conversation with President [of] Haiti who assured me that I would meet only with cooperation from his

²⁰ For General Russell's appointment, see p. 461.

Government which was desirous doing all possible to advance conditions here working in entire accord with United States Government.

Ministers of Finance and Foreign Relations state that the Government is now anxious to put through the loan and necessary new revenue laws.

Under Department's orders, since January last [1921?], \$65,000 per month is available to meet any monthly deficit. Since September 30th entire amount of \$65,000 has only been required 1 month. Receipts of Government are greatest during first 3 months of fiscal year and then shade off for month of March. Government may be unable to meet budgetary expenses and desires to employ any unused portion of the \$65,000 made available monthly. Present administration expires in 2 months and it would like to be assured of the payments of the budgetary expenses for these 2 months.

In view of attitude of Government at present time I strongly urge such assurance be given it by permitting the employment of above-mentioned unused funds if necessary.

[RUSSELL]

638.51/1236 : Telegram

The High Commissioner in Haiti (Russell) to the Secretary of State of State

PORT AU PRINCE, March 23, 1922—2 p.m.

[Received March 25—2:20 p.m.]

32. Have had numerous conferences with Ministers Foreign Affairs and Finance considering provisions contained in memorandum submitted by Haitian Government under date of December 30th, 1921 and transmitted to Department of State in despatch number 564;²¹ each provision considered in sequence with following result:

Provision 1 struck out.

Provision 2 struck out.

Provision 3 struck out.

Provision 4 to read as follows: "As an interpretation of article number 3, clause 3, of protocol, Haitian Government reserves the right after verification of debt to come to an agreement through its Financial Adviser with holders of obligations of National Railroad of Haiti regarding method of payment said debt.[""]

Provision 5. Haitian Government is of the opinion that article 3, clause 4, of protocol having lapsed, debt having been liquidated, there should be inserted in the law of sanction a clause so stating.

Provision 6. Haitian Government agrees to change of word "must" to words "may be" in this clause. Referring to para-

²¹ Ante, p. 472.

graph 2 of this provision, Haitian Government claims that by a careful reading of the protocol last paragraph of article 3 the claims of the Féquière Commission need not be submitted by the Government unless it so [desires?]. Furthermore, that before the Claims Commission begins its work the two Governments must decide by agreement whether the findings of the Féquière Commission should be submitted or not. In addition, Haitian Government claims that report of Sambour Commission has been sanctioned by Haitian law and is, therefore, not a claim but a liquidated debt and should not be placed before the Claims Commission. The Haitian Government, however, reserves the right to scale such claims on payment. Paragraph 3 of this provision struck out.

Provision 7. The Haitian Government desires to limit the cash amount to be paid to 50 percent. It states that no one knows what the report of Claims Commission will be and it might make a report that would require payments in cash in an excessive amount which might embarrass Haitian Government.

Provision 8. Substitutes for first paragraph the following: "That on the amount of the loan of \$40,000,000 the Republic engages itself to contract in accord with the Financial Adviser the amount of \$16,000,000.["] In paragraph 2 the figure "10" to be changed to "13".

Provision 9. Haitian Government states that the Haitian law relative to redemption of bonds conflicts with a part of article 7. In said protocol article 7 should be eliminated after the first sentence thereof and excepting the last sentence, which two sentences should be retained, the last sentence to be changed slightly to include agriculture and public instruction in addition to public works.

Provision 10. This provision is cared for under provision 9.

Provision 11. First paragraph struck out. Paragraph 2 of this provision to read: "At the expiration of the receivership the debt service shall be transferred to the Haitian Government through the National Bank of Haiti.["]

Provision 12 struck out.

Provision 14 [13] struck out.

In addition to requests made in the above-mentioned provisions, the Haitian Government requests that it be permitted the right to purchase bonds under par which are to be retired; also, reserved [regarding?] the clause in Lee, Higginson memorandum where receipts exceeded \$7,000,000, 25 percent to be set aside, that said clause shall contain after the word "then" and before the word "twenty-five" the following: "At the option of the Haitian Government and in accord with the Financial Adviser."

Furthermore, the Haitian Government believes that under present market conditions better valuation should be obtained than 85 and that it should be about 90 if possible.

In this connection Haitian Government states that protocol has never been made a law and must be voted on and sanctioned as a part of the loan law with the changes above indicated.

My opinion is that Haitian Government is acting in entire good faith in this matter and desires early settlement loan. Ministers stated that if above changes are satisfactory Council of State would be called next week to pass loan law which I hope to receive from the Department by that time.

Contention regarding Féquière Commission not in accord with other idea as my interpretation is that findings must be submitted to the Claims Commission. Haitian Government, I feel sure, will agree to this if Department upholds my opinion. Regarding Sambour Commission contention Haitian Government appears fair and equitable. Findings will be greatly scaled by the Government. Opportunity for graft occurs but the integrity of present Minister of Finance beyond question and he will probably remain in office and be entrusted with settlement of claims. Political effect on country of prompt settlement of Sambour claims would be excellent, these claims being held mostly by Haitians.

Referring to clause regarding transfer of debt service at the expiration of receivership, if, before said expiration necessity arises for continuation of receivership, it can be effected by separate agreement. It is believed bondholders will be amply protected and my understanding similar condition prevails during the existence loan about to be made.

At this critical period Haitian Government desires this action for political effect as extension of control 30 years being much commented on.

My earnest recommendation that agriculture and public instruction be added to last sentence of article 7.

RUSSELL

838.51/1235 : Telegram

The Secretary of State to the Chargé in Haiti (Jordan)

WASHINGTON, March 24, 1922—5 p. m.

31. [For General Russell.] Your 30, March 22, 2 p. m.

As Haitian Government may by its own action in fulfilment of its expressed willingness to put through the loan remove possibility deficit by authorizing conclusion of negotiations and enacting necessary legislation, Department is reluctant to consider alteration of instructions of February 2, last, at this time.

For your own information, in case of actual necessity, it is believed that arrangements may be made to meet any deficit for next few months without altering Department's instructions above cited.

Department endeavoring to forward by next steamer instruction containing draft of legislation necessary to authorize loan contract.

HUGHES

838.51/1239 : Telegram

The High Commissioner in Haiti (Russell) to the Secretary of State

PORT AU PRINCE, March 27, 1922—3 p. m.

[Received March 28—10:21 a. m.]

33. Urge draft of loan law be sent by cable as Haitian Government willing to put through law at once and my opinion is that it should be put through before election on April 10th.

Am awaiting answer to my 32 March 23, 2 p. m.

RUSSELL

838.51/1239 : Telegram

The Secretary of State to the Chargé in Haiti (Jordan)

WASHINGTON, March 30, 1922—4 p. m.

33. For General Russell.

Your March 27, 3 p. m.

You are instructed to present the following note to the Haitian Government:

[Here follows the text of the first six paragraphs of the note transmitted to the High Commissioner in the Department's instruction of April 1, *infra*.]

It is desired that the Haitian Government make reply, reciting full terms of the above note and accepting them. You may also communicate to Haitian Government proposed draft of loan law as follows:—

[Here follows the text of the loan law draft likewise transmitted in the instruction of April 1, *infra*.]

Your March 23, 2 p. m. Provision 4. Department feels itself unable to accept modification of Protocol regarding bonds of National Railroad, although Financial Adviser is now prepared to discuss with receiver of road possible arrangement beneficial to Government.

Provision 5. Department has no objection to insertion of clause to this effect in note above quoted, but does not desire that loan law should contain any provisions assuming to modify the protocol.

Provision 6. Department feels that provision of protocol regarding Féquière claims clearly requires review by Claims Commission. It is unwilling that Sambour claims should be regarded as liquidated debt, feeling that they should be dealt with by Claims Commission.

Provision 7. Department considers this proposal impracticable because it would be difficult to induce some foreign claimants to accept only 50 per cent cash. Claims Commission should take into consideration total amount of cash available in awards.

Provisions 8 and 9 appear to be answered by terms of note above referred to. Regarding agriculture and public instruction, Department feels that any expenditures of permanent benefit which could properly be made for these purposes from loan would be regarded as public works.

Provision 11. Department regards it as entirely impracticable to attempt to float loan without providing specifically for extension of customs receivership during life of loan. It is thought that bankers would not accept possible future agreement for extension of receivership as adequate security.

Other requests of Haitian Government referred to would appear to apply to loan contract. Provisions of this nature could be included in contract if Haitian Government insists, and if bankers agree, but it should be borne in mind that they might affect the price received for the bonds.

Department is gratified at Government's willingness to pass law, and hopes that it will at once enact the law and authorize Financial Adviser to conclude negotiations. It is thought that a material improvement in price could be obtained if bonds are sold in near future.

HUGHES

838.51/1246a

The Secretary of State to the High Commissioner in Haiti (Russell)

No. 2

WASHINGTON, April 1, 1922.

SIR: With reference to the Legation's despatches of January 4, and January 7, 1922, and to the Legation's telegram of January 31, 1922,²³ transmitting communications from the Haitian Government regarding the loan, there is transmitted herewith the text of a note which the Department desires you to present to the Haitian Government. Since this note embodies the note transmitted by telegraph on March 30, and contains also certain additional paragraphs, you are authorized to substitute the note transmitted herewith for your former communication to the Haitian Government. If this should appear impracticable, you will address to the Haitian Government a further communication embodying the additional paragraphs.

"I have the honor to refer to the Memorandum of Your Excellency, dated December 30, 1921,²⁴ and to Your Excellency's note of January 31, 1922.²⁵ My Government has noted Your Excellency's statement that the Haitian Government believes that in point of law

²³ Despatch of Jan. 7 not printed.

²⁴ *Ante*, p. 472.

²⁵ Summarized in the Legation's telegram no. 18, Jan. 31, p. 477.

the Protocol of October 3, 1919, has lapsed, but that the difficulty regarding the time limit mentioned in the Protocol may be overcome by a clause inserted in the loan law, and Your Excellency's further suggestion, in paragraph 9 of your Memorandum of December 30, 1921, that provisions should be inserted in the loan law regarding the conversion of the bonds of the two remaining French loans.

"I am instructed to say that my Government, while still regarding the Protocol as being valid, and in full force and effect, is nevertheless willing that the difficulties which have arisen should be overcome by a supplementary understanding between the two Governments. It feels, however, that the loan law should only embody the provisions necessary to confirm the authority of the Haitian Executive Power to contract the loan; and that the other questions affecting the validity of the Protocol, the method of issuing the proposed loan, and the disposition of the proceeds thereof, should be settled by an exchange of notes between the two Governments.

"To put into effect, therefore, the proposal of my Government that these matters be dealt with by an exchange of notes, I am instructed to inform the Government of Your Excellency, in this manner, that inasmuch as under the provisions of the Protocol of October 3, 1919, between the United States and Haiti, and to carry out the purposes for which the Protocol was made, the Republic of Haiti agreed to issue not later than two years after the date of the signature of the Protocol a national loan of forty million dollars (\$40,000,000) gold, payable in thirty years, and inasmuch as the Republic of Haiti has not as yet issued any part of said loan, although said period of two years has expired, the Government of the United States will agree to an extension of the period provided in the Protocol for the flotation of the loan, provided that the agreement assumed in the Protocol shall be carried out within a reasonable time.

"I am further instructed to state that the Government of the United States will consider that the provisions of the Protocol are fulfilled, if the bonds of the loan shall be issued in series, the amount of each series, the terms on which it is to be sold, the rate of interest, the terms of the sinking fund applicable thereto and the provisions as to when and how said bonds shall be redeemed all to be fixed by the Haitian Government in accord with the Financial Adviser.

"I am further instructed to state that it is the understanding of the Government of the United States that the proceeds of said bonds, as well as the bonds themselves, may be used for payment of obligations mentioned in Articles III and VII in said Protocol, and that the reservation of bonds for the two-year period for conversion, referred to in said Article VII, is applicable only to such of the bonds as are allocated to the purpose of conversion and does not preclude the immediate use of bonds or the proceeds of bonds not so allocated for other purposes referred to in said protocol.

"Finally, I am instructed to say that my Government considers that the internal funded debts of Haiti, as represented in the bond issues of 1912, 1913, and 1914, A, B, and C, do not come within the provisions of the Protocol as 'pecuniary claims', but are liquidated debts, and that it would, therefore, be proper for the Haitian Government to redeem these bond issues, or to maintain their service without submission to the Claims Commission.

"As soon as the Government of Your Excellency will indicate to my Government that it is prepared to proceed with the obligations assumed by it under the Protocol, and especially to fulfill its obligations as to a bond issue, in pursuance of the waiver by my Government, contained in this note, of the time limit mentioned in the Protocol, which expired on October 3, 1921, for the issuance of the stipulated bonds by the Haitian Government, my Government would be gratified to receive a reply to my note stating that the Government of Haiti has noted that the Government of the United States, provided the loan is issued within a reasonable time, waives the stipulation of the Protocol establishing a period of two years within which the Republic of Haiti should have performed the agreement made in Article VI of the Protocol of October 3, 1919, to issue the national loan of forty million dollars (\$40,000,000); that the Government of Haiti takes this occasion to confirm its agreement to issue a loan of that amount and to state that it is in accord with the suggestions of the Government of the United States made in the note under reply, namely, that the bonds of the loan shall be issued in series, the amount of each series, the terms on which it is to be sold, the rate of interest, the terms of the sinking fund applicable thereto and the provisions as to when and how said bonds shall be redeemed all to be fixed by the Haitian Government in accord with the Financial Adviser; and that the Government of Haiti further states that the understanding of the Government of the United States as to the use of the bonds or the proceeds thereof is also in accordance with the understanding of the Government of Haiti.

"I am instructed further to state that it would appear that the Secretary of State for Finance of Haiti should now nominate a member of the Claims Commission, to be followed by nominations of two other members of the Commission, one each by the Secretary of State of the United States and the Financial Adviser of Haiti, and the three members so nominated to be appointed by the Government of Haiti, as agreed upon in the Protocol. In this relation, my Government desires to be informed as to the applicable laws of Haiti upon the question of whether it is necessary for the Haitian Legislature to enact legislation providing for the constitution of the Commission, the payment of salaries to its members, and other pertinent matters, or whether such matters could be dealt with by the Executive alone.

"With regard to the outline in Your Excellency's Memorandum of December 30, 1921, of the suggested law authorizing the loan, I am instructed by my Government to state that it is unable to agree to this outline, insofar as it departs from the provisions already agreed upon between the two Governments, as embodied in the Protocol. My Government considers that, by virtue of the last sentence of Article X of the Protocol, the Republic of Haiti has obligated itself to enact a law strictly following the provisions of the Protocol. I am instructed to say, however, that my Government avails itself with much pleasure of the suggestion contained in Your Excellency's note of January 31, 1922, to make known the provisions that it considers it would be proper to carry in the law authorizing the loan. I therefore have the honor to submit the following draft of a loan law

to take the place of the outlines of a law suggested in the Haitian Memorandum of December 30, last:

'WHEREAS, in order to carry out the purposes of the Treaty between the United States and Haiti of September 16, 1915, as extended by the Additional Act between the United States and Haiti of March 28, 1917," a Protocol was concluded between the two Governments on October 3, 1919, and

'WHEREAS, certain modifications in this Protocol were agreed to in an exchange of notes between the two Governments, dated , and

'WHEREAS, it is now necessary to authorize the Executive Power to contract the loan provided for in the Protocol as thus modified, be it enacted as follows:

1. The provisions of said Protocol, modified as above, are adopted" as laws of the Republic of Haiti.

2. The Executive Power is hereby authorized to contract a loan to the amount of forty million dollars (\$40,000,000), payable in or within thirty years from the dates of issue.

3. Said loan may be issued in series, on such terms, in such amounts, at such rates of interest, and with such provisions for sinking funds and for redemption of bonds as may be agreed upon by the Minister of Finance, (or such other officer as should properly be named), in accord with the Financial Adviser.

4. Until such loan is paid in full" the payment of interest thereon and the amortization thereof shall constitute a first charge on all the internal revenue of the Republic, and a second charge on the customs revenue of the Republic next in order until the expiration of the Treaty of September 16, 1915, after payment of salaries, allowances and expenses of the General Receiver and the Financial Adviser and their assistants appointed in accordance with said Treaty.

5. The control of the collection and allocation of such hypothecated revenue, after the expiration of said Treaty and until said loan is paid in full, shall continue to be vested in an officer or officers appointed by the President of Haiti on nomination by the President of the United States, as provided in the Protocol above referred to.'

"With regard to the suggestion contained in Your Excellency's note of January 31, 1922, which I had the honor to transmit by telegraph to my Government, to the effect that in its note of December 30th, last, the Haitian Government demonstrated that without new taxes the loan offer submitted by Messrs. Lee, Higginson and Company, if accepted, would cause the Haitian Government to be confronted by an annual deficit of \$1,000,000, I am instructed by my Government to state that it continues, as at all times in the past, willing to assist the Haitian Government in the matter of drafting laws imposing new taxes and in the matter of improving the collection of taxes under existing laws. In this connection, I am instructed to suggest to Your Excellency the desirability of the immediate consideration and early enactment by it of the internal revenue law drafted with the assistance of American experts and submitted to Your Excellency's Government, considerably over three years ago, after full discussion between officials of the two Governments.

"With reference to the request made by Your Excellency in your note above mentioned of January 31, 1922, that this Government lend its good offices to the Haitian Government to obtain certain

" *Foreign Relations*, 1917, p. 807.

" The text transmitted by telegram Mar. 30 reads "accepted."

" In the text transmitted by telegram Mar. 30 this phrase appears at the end of paragraph number 3.

improvements in the conditions of the loan, I am instructed by my Government to inform Your Excellency that as soon as its request, repeatedly made in the course of the present negotiations, to transmit to the Financial Adviser of Haiti, temporarily in Washington, the necessary full powers from the Haitian Government has been complied with, the Department will be very glad, as heretofore, to continue to give its assistance and counsel to the Financial Adviser in the formal negotiations he would then be enabled to undertake in behalf of Your Excellency's Government, and Your Excellency may rest assured that the Financial Adviser, with the full cooperation of the Department of State, will endeavor to obtain whatever improvements in terms may be possible from the bankers for whose proposals a preference was expressed by the Haitian Government in its Memorandum of December 30th, last."

I am [etc.]

CHARLES E. HUGHES

838.51/1235a supp. : Telegram

The Secretary of State to the Chargé in Haiti (Jordan)

WASHINGTON, April 4, 1922—5 p. m.

34. From McIlhenny to Maumus.

Suggest you advise Minister of Finance to announce to holders internal debts that those who desire to accept recapitalization plan may immediately receive benefit of plan as relates to payment of interest as outlined in Department's 28, March 21, 6 p. m.,⁸⁰ and that those who do not accept may await result of such investigation as will be made. Believe this would bring about prompt acceptance of recapitalization.

HUGHES

838.51/1263 : Telegram

The High Commissioner in Haiti (Russell) to the Secretary of State

PORT AU PRINCE, April 26, 1922—2 p. m.

[Received April 27—10:15 a. m.]

46. My 45 April 24, 3 p. m.⁸¹ No reply to note yet received from Haitian Government.⁸² President-elect visited me my house yesterday afternoon and discussed loan which he had studied having obtained copy in French from President of my note April 15th and having loan correspondence on the subject [which] Haitian Govern-

⁸⁰ Not printed; see the fourth paragraph of the Department's instruction no. 6, May 9, p. 493.

⁸¹ Not printed.

⁸² Further correspondence in May between the Haitian Department of State for Foreign Affairs and the High Commissioner led to no accord of views, and the matter was left to be taken up anew after Mr. Borno's inauguration.

ment published in 1922 Blue Book forwarded by Legation last mail. After our discussion he informed me that he accepted my note of April 15th to Haitian Government and would write me letter to that effect, only reservation being that terms would be best market allowed at time and not those named later. My note April 15th was Department's despatch number 2 of April 1st, 1921[1922], substituted for note previously handed Haitian Government. Borno informed me verbally loan laws as embodied in note would be passed by Council of State in 3 or 4 days after he assumed office.

[RUSSELL]

838.51/1235a

*The Secretary of State to the High Commissioner in Haiti
(Russell)*

No. 6

WASHINGTON, May 9, 1922.

SIR: With reference to the Department's telegrams of November 1, 1920, 7 p. m.,³³ and March 21, 1922, 6 p. m.,³⁴ regarding the bonds of the internal funded debt of Haiti, the Department has deemed it advisable to inform you of its opinion regarding the maintenance of the service, and the possible refunding of the internal bond issues by the Haitian Government.

On November 1, 1920, the Department instructed the American Legation to inform the President that it had determined, after consultation with the Financial Adviser, and in accordance with his advice, that the internal funded debts of Haiti, as represented in the bond issues of 1912, 1913, and 1914, A, B, and C, do not come within the provisions of the Protocol as "pecuniary claims", but are liquidated debts, and may, therefore, be paid or served without submission to the Claims Commission. The Department adopted this determination out of consideration for the wishes of the Haitian Government, and upon the understanding that the Haitian Government desired to effect a readjustment of these bond issues by direct negotiations with the holders, or by other means. The Department was subsequently informed that the Haitian Government had elaborated a plan for the readjustment of these internal debts on the basis of the actual rate of exchange at the period of flotation.

The Department feels that the holders of these bonds might very properly be offered the payment of the principal and interest upon the basis suggested by the Minister of Finance, converting the dollar into gourdes at the rate prevailing when the bonds were issued,

³³ *Foreign Relations*, 1920, vol. II, p. 847.

³⁴ Not printed.

rather than at the fictitious rate provided for in the bonds. The original holders, it appears, either bought these bonds at a very large discount from their face value, or acquired them in other ways without making any substantial payment to the Haitian Government. Many of them are now understood to be in the hands of speculators who have purchased them at low prices.

It was these conditions which led the Department to send its cable of March 21, 1922, instructing you to authorize the General Receiver to say to the Minister of Finance that if it would aid him in the negotiations for a readjustment he might assure the holders of the internal bonds that three years arrears of interest on the new basis would be paid when the proposals for readjustment were accepted, and that the extinguishment of the remaining arrears of interest would be hastened by the payment of six months interest on the new basis every three months thereafter. It was further stated that the Department would approve a conversion of the internal loans at the new par into an internal series secured by a lien on all of the revenues after the new loan was floated.

The Department feels that it could not, without further careful consideration, agree to the complete resumption of interest and sinking fund payments on the internal bonds at their present face value. The offer to make rapid payment of the arrears of interest, and to convert the internal bonds into the new series of internal bonds, secured by the revenues collected by the General Receiver, was made upon the assumption that the Haitian Government itself would effect a suitable adjustment with the holders of the internal bonds. It is still hoped that such an adjustment will be possible in spite of the failure of the Minister of Finance, as reported in your telegram of April 22, 11 a. m.,³⁶ to come to an agreement with the bondholders of the internal debt.

You are requested to discuss this matter with the appropriate Haitian authorities and with the Acting Financial Adviser, and to give the Department an expression of your views.

I am [etc.]

CHARLES E. HUGHES

888.51/1270 : Telegram

The High Commissioner in Haiti (Russell) to the Secretary of State

PORT AU PRINCE, May 12, 1922—2 p. m.

[Received May 13—10:20 a. m.]

49. Mr. Borno desires to start public works immediately upon taking office.

³⁶ Not printed.

Initiation of public works in different sections country emphasized. Mr. Borno has asked that exterior loan be increased to 18 millions to permit such development immediately. Strongly approve this request. Anticipate customs receipts this year to provide for 5 millions. In view of the great change in money market request that probable prices on loan be quoted me for the information of the Haitian Government and myself.

[RUSSELL]

838.51/1276 : Telegram

The Secretary of State to the Chargé in Haiti (Dunn)

WASHINGTON, May 24, 1922—2 p. m.

44. For General Russell.

Your May 12, 2 p. m., and May 18, 2 p. m. for Mr. Munro.⁸⁷

Department concurs in your view that a new internal revenue law can best be framed after the arrival of Mr. Hord.⁸⁸ Mr. Hord is now in Washington and it is proposed that he should proceed to Haiti immediately after the conclusion of the present loan negotiations. A new internal revenue law could probably be framed within a few months after Mr. Hord's arrival, thus making possible an increase in revenues which might justify an additional loan for public works.

In the absence of such new legislation, the Department feels that it would be very difficult to justify at present the flotation of a loan larger than \$16,000,000. The service of such a loan and of the proposed \$5,000,000 internal loan under the present plan would amount to \$1,460,000 the first year, or approximately \$122,000 a month. Assuming that the customs revenues, as you estimate, reach \$5,000,000 this year, or an average of \$416,666 a month, the application would be as follows:—General Receiver, \$20,800; gendarmerie, \$74,620; budget expenses based on average since January, \$208,000; leaving approximately only \$113,000 a month for debt service. The necessary balance of approximately \$9,000, must be supplied from internal revenues, which are now an uncertain quantity, and an increase of \$2,000,000 in the proposed loan would require an additional monthly expenditure of approximately \$12,000, which could only be provided by a decrease in the Government's budget. Legation's telegram of January 21, 10 a. m.,⁸⁹ indicated that such decrease was impossible. Department is con-

⁸⁷ Latter not printed.

⁸⁸ John S. Hord, designated to succeed Mr. McIlhenny as Financial Adviser to the Government of Haiti in October 1922.

⁸⁹ Not printed.

vinced, therefore, that increase in contemplated loan at present would be dangerous. It feels that the \$16,000,000 loan should be authorized at once in order to take advantage of present money market conditions, but also to make it possible for the Haitian Government to proceed at once to consider other much needed financial measures. You are requested to urge this view very strongly on President Borno.

While it is impossible for bankers to commit themselves on question of price until definite contract is signed, Department is of opinion, from present market conditions, that price of 88 could probably be secured, thus making available nearly half a million dollars additional for public works. This amount, with the sum already assigned to public works from the proceeds of the loan, should provide for such works as the Government is able to undertake in advance of the revision of the internal revenue system and the flotation of a possible additional loan.

Mr. Hord will be glad to receive data concerning finances which you have planned to send him.

HUGHES

838.51/1281 : Telegram

The High Commissioner in Haiti (Russell) to the Secretary of State

PORT AU PRINCE, June 3, 1922—noon.

[Received June 5—8:55 a. m.⁴⁰]

61. I have received the following note dated today from the Minister of Foreign Affairs:

(Translation) "In response to Your Excellency's note of the first of this month repeating the note of April 15th⁴¹ addressed to my predecessor and [in order to put] into effect the engagements entered into by the Government preceding according to correspondence already exchanged, notably the [letter] of the Department of Foreign Affairs of January 31,⁴² I have the honor to inform you that the Haitian Government has noted that the Government of the United States renounces the stipulation of the protocol which fixed a period of 2 years during which the Republic of Haiti should execute the engagement provided for in article 6 to issue a loan of \$40,000,000 provided always that the loan be contracted within a reasonable date.

I am likewise charged always in view of the correspondence above referred to to confirm to Your Excellency that the Haitian Government is in accord with the Government of the United States for the issuance of the loan in taking into consideration the suggestions contained in the letter of the American representative dated April 15th.

⁴⁰ Text printed from corrected copy received June 7.

⁴¹ See the Department's instruction no. 2, Apr. 1, p. 488.

⁴² See the Legation's telegram no. 13, Jan. 31, p. 477.

The Haitian Government also shares the opinion of the Government of the United States with respect to employment of the bonds and their proceeds.

We are pleased to learn that the new situation of the market permits the Haitian Government to count on more advantageous conditions than those offered up to now."

This would seem to fulfill the requirements of the Department regarding the exchange of notes and until otherwise instructed I will accept this note as completing the exchange of notes desired by the American Government.

Minister for Foreign Affairs has informed also that the loan law is expected to be placed before the Council of State on the 5th.

RUSSELL

838.51/1290

The Haitian Minister (Blanchet) to the Secretary of State

[Translation]

The Minister of Haiti presents his compliments to His Excellency the Secretary of State and under instructions received from his Government has the honor to inform him that the National City Bank of New York has made known to the Haitian Government its readiness to submit proposals for the forthcoming loan contract.

Considering the notable improvement in the condition of the market, my Government thinks that it will serve the interests of the Republic by entertaining new offers.

WASHINGTON, June 7, 1922.

838.51/1278 : Telegram

The Secretary of State to the Chargé in Haiti (Dunn)

WASHINGTON, June 16, 1922—5 p. m.

49. For General Russell. Your May 25, noon, and May 29, 11 a. m.⁴⁸

Department has given careful consideration to your recommendations, and to the view of the Haitian Government, as communicated through the Minister here, that new bids should be received. It has discussed this matter with Lee, Higginson and Company. This Company has now informed the Department that, in order to avoid any embarrassment which might arise from the understanding that further negotiations would be carried on only with the Company

⁴⁸ Neither printed.

which had submitted the best bid last fall, it would make no demand for preferential treatment in subsequent negotiations. The Haitian Government would, therefore, appear free to invite new bids for the loan.

The Department feels that new bids should not be asked for until the loan law has been passed and the Financial Adviser has been authorized definitely to close negotiations with the highest bidder, subject, of course, to the approval of the Haitian Government. The Department suggests, therefore, that the Financial Adviser, in consultation with the Department, and in accord with the Haitian Government, should work out a complete plan for the proposed bond issue settling all essential details, except the price of the bonds, and that after this plan is approved all interested bankers should be invited to submit offers to purchase these bonds under the same conditions, and at the same time. These offers, which would simply indicate the price which each banker would pay for the bonds, would be opened in Washington by the Financial Adviser and the Haitian Minister, and the banker offering the highest price would float the bond issue.

In this connection, the Department desires you to ascertain whether, under Haitian law, after the loan law has once been passed, either in its present or in more detailed form, the President or his authorized agents would be empowered to close a definitive contract without further reference to the Council of State. It would be desirable that the contract be closed in this manner if possible, because bankers will not make a firm bid on the most advantageous terms except for a very few days, and the immediate acceptance of the bid and sale of the bonds is necessary if the Haitian Government is to derive the full benefits of competition.

An immediate conclusion of negotiations is very necessary, because it is more difficult to sell bonds on the American market during the summer. If the Haitian Government, therefore, will promptly indicate its acceptance of the Department's views as to the procedure to be followed, the Department will cooperate with the Financial Adviser in framing a plan for a loan which will be submitted to you at the earliest practicable moment by cable.

Department desires that procedure, as outlined above, should be embodied in exchange of notes with Haitian Government.

The Department will not approve any procedure which involves direct negotiations between the bankers and the Haitian Government, or which does not assure the acceptance of the best bid without affording opportunity for the use of any improper influence.

HUGHES

838.51/1290

The Secretary of State to the Haitian Minister (Blanchet)

The Secretary of State presents his compliments to the Minister of Haiti and has the honor to acknowledge the receipt of the Minister's note of June 7, 1922, stating that the Haitian Government believes that it would serve the best interests of the Republic if new offers were received for the proposed bond issue.

The Haitian Government's suggestion has received careful study, and the situation has been discussed with the bankers whose proposal was tentatively accepted by the Haitian Government in its memorandum of December 30, last.⁴⁴ These bankers have now indicated that they desire to avoid any embarrassment which might arise from the understanding that further negotiations would be conducted exclusively with them, and that they, therefore, will make no request for preferential treatment in subsequent negotiations. Consequently, it would appear that new proposals may properly be received for the loan, and the American High Commissioner, at Port-au-Prince, has been instructed to discuss with the Haitian Government the procedure which should be followed in inviting these new proposals.

WASHINGTON, June 17, 1922.

838.51/1313

The High Commissioner in Haiti (Russell) to the Secretary of State

No. 41

PORT AU PRINCE, June 28, 1922.

[Received July 12.]

SIR: I have the honor to confirm my radiogram No. 71, of June 26, 1922,⁴⁵ referring to the passage by the Council of State of the loan law. This law, as passed, copy of which is attached, included the modifications contained in my radiograms Nos. 68, of June 19, 1922,⁴⁵ and 70, of June 23, 1922.⁴⁵

The law was passed without any untoward incident, the Protocol of October 3, 1919, being first read and then the law voted on, paragraph by paragraph. The vote was unanimous, and was followed by a most ardent address delivered by Mr. James Thomas, a member of the Council of State, in which he spoke of the necessity for the passage of the law and all working in complete accord with the United States Government.

For the past three weeks I have had almost daily conferences with the President of Haiti and often two or three a day with the

⁴⁴ *Ante*, p. 472.

⁴⁵ Not printed.

Minister of Foreign Affairs concerning this law, and I believe that as a result the law fully meets the views of both the United States and the Haitian Government. It is my unqualified opinion that the enactment of the loan law marks the beginning of a new era of development and progress for Haiti. It is the first big step, and if promptly followed by others in the direction of development and a settlement of the interior debts, will have a most beneficial effect upon the entire country.

In this connection, a few weeks ago I personally drew up a program of development, and having carefully gone over it in conference with the Treaty Officials, I took it to the President of Haiti and suggested to him the advisability of issuing this program officially when the loan was floated. He was quite enthusiastic about it, and has written me a very nice letter on the subject, and I am in hopes that he will issue it shortly, not only in the official organ, *Le Moniteur*, but by posters or notices to be posted in all the large towns throughout the interior.

I have [etc.]

JOHN H. RUSSELL

[Enclosure—Translation “]]

Haitian Law of June 26, 1922, Providing for a \$40,000,000 Loan

LOUIS BORNO, President of the Republic,
Under article 55 of the Constitution; “

Under the treaty of September 16, 1915, concluded between Haiti and the United States of America, and the additional act of March 28, 1917;

Considering, that in order to fulfill the purposes of the treaty concluded between Haiti and the United States on September 16, 1915, a protocol was concluded between the two Governments on October 3, 1919;

Considering, that in an exchange of notes between the two Governments, certain modifications of the protocol were accepted and confirmed in the notes of the 1st and 3rd of June, 1922;

Considering, that it is urgent that proper measures be taken to establish the finances upon a solid basis; that it is important to profit by the present rate of exchange, in order to redeem the external debt; that it is just and equitable to ameliorate promptly the situation of the bondholders of the interior debt, to determine the amount of the floating debt and of the various claims, and to provide for their settlement, either by redeeming the debt, or by guaranteeing the service of redemption and interest;

“File translation revised after comparison with the French text printed in *Le Moniteur*, June 28, 1922.

“*Foreign Relations*, 1918, p. 487.

Considering, that in order to arrive at a revision of the customs tariff and to diminish the taxes actually borne by the mass of the people, it is necessary to release the public revenues from the pledges now existing;

Considering, furthermore, that it is absolutely necessary to assure by intelligent measures the augmentation of national production, and consequently to execute all projects for work on public roads and for irrigation of the plains necessary to attain that end; also, that it is necessary to organize a proper surveillance of rural districts and the education and instruction of the rural population, and to provide for the construction of schoolhouses;

On the reports of the Secretaries of State for Foreign Affairs, Finance and Commerce, Public Works, Public Instruction, and Agriculture,

And on the advice of the Council of the Secretaries of State,

HAS PROPOSED,

And the Council of State has voted, the following law:

ARTICLE I. The Government of the Republic is authorized to contract, to the best interests of the country, a loan of \$40,000,000 American gold.

The said loan shall be issued in series; the first shall be for about sixteen millions (\$16,000,000), and the others shall be issued as may be necessary for the needs of the public service.

The terms, amounts, rates of interest, sinking funds, and redemption of the bonds shall be fixed by the Haitian Government in accord with the Financial Adviser.

Conforming to article 29 of the Constitution and in the interest of the contracting parties, the loan contract, once concluded and signed, shall be submitted to the Council of State for legislative sanction.

ARTICLE II. The stipulations of the protocol of October 3, 1919, signed between the Haitian Government and the Government of the United States of America, are and remain sanctioned, with the following modifications:

(a) The delay of 2 years provided for in article 6 is and remains prorogued, provided, however, that the loan be contracted within a reasonable period.

(b) Paragraph 4 of article 3 of the protocol is suppressed, the sum due having already been paid.

(c) The already liquidated and consolidated interior debt represented by the bonds issued in 1912, 1913, and 1914—A, B, and C—shall not be submitted to the Claims Commission; the Haitian Gov-

ernment reserves to itself the right of continuing the service or of redeeming the bonds.

(d) The proceeds of the bonds as well as the bonds themselves may be used for the payment of the obligations mentioned in articles 3 and 7 of the protocol of October 3, 1919; the reservation of bonds for the 2-year period, for the conversion referred to in the said article 7, is applicable only to such of the bonds as are allocated for the purpose of conversion and does not preclude the immediate use of the bonds or of the proceeds of the bonds not destined to the other uses indicated in the above-mentioned protocol.

The dispositions of the said protocol do not amplify, either in fact or implicitly, the provisions of the treaty of September 16, 1915, hereinabove mentioned.

ARTICLE III. The present law shall be executed by the diligence of the Secretaries of State for Foreign Affairs, Finance and Commerce, Public Works and the Interior, Public Instruction, and Agriculture, each in that which concerns him.

GIVEN in the Legislative Palace at Port au Prince, June 26, 1922, in the 119th year of Independence.

The President,
J. M. GRANDOIT

The Secretaries,
DELABARRE PIERRE-LOUIS
CHARLES FOMBRUN

838.51/1320a : Telegram

The Secretary of State to the Chargé in Haiti (Dunn)

WASHINGTON, July 18, 1922—4 p. m.

56. For General Russell. Department's June 16, 5 p. m., your June 23, 3 p. m.,⁴⁸ and July 6, 3 p. m.⁴⁸

1. Department proposes that the Haitian Government, through its Financial Adviser, should invite all interested American bankers to submit bids upon \$16,000,000 bonds of Series A of the bond issue authorized by the Protocol and the recent loan law. It suggests that these should be 30-year bonds bearing 6 per cent interest, redeemable by annual drawings at par, or by purchase below par in the open market, and that the Haitian Government shall reserve the right to pay off the entire loan at par at any time after 15 years from date of issue upon reasonable previous notice. These bonds would be secured as provided in Article 8 of the Protocol, and would have a sinking fund similar to that outlined in Lee, Higgin-

⁴⁸ Not printed.

son's proposal last fall. In addition to the sinking fund a market fund, equal to 25 per cent of any amount by which the total revenues of the Government in any given year should exceed \$7,000,000, but in no case exceeding \$250,000 a year, should be provided for purchasing bonds of this issue in the open market at a price not exceeding par.

2. In order that bids may be invited under conditions which will make possible the immediate realization of the loan, it is essential that the Haitian Government should immediately authorize the Financial Adviser to call for bids, to open these bids in the presence of the duly appointed Haitian representative in Washington, and to sign a loan contract with the firm or group submitting the best bid. This contract would be forwarded at once to Haiti for the sanction of the Council of State, and the bonds would be offered for sale immediately on the basis of when as and if issued. Department desires, in order that there may be no delay in the negotiations and for the previous confidential information of the bankers submitting bids, that you obtain definite written confirmation of the agreement mentioned in your 70, June 23, 3 p. m., that the contract signed by the Financial Adviser with the successful bidder, in accordance with conditions agreed upon, will be signed by the President and enacted by the Council of State immediately and without change.

3. At the same time, in order that the Haitian Government may offer for sale bonds secured by a lien on its revenues subsequent only to the expenses of collection, it is essential that the Haitian Government should immediately authorize the projected issue of internal bonds Series B in the amount of \$5,000,000 which may be used in conjunction with funds from the external loan for the cancellation of the internal and floating debt. The Financial Adviser believes that the \$5,000,000 of internal bonds should be gourde bonds with interest and amortization payable in Haiti and in gourdes at the rate of 5 gourdes to \$1 gold since the bankers fear that should Series B bonds be payable in dollars, and thus readily marketable in the United States, they might be dumped upon this market shortly after their issue thereby depressing the value of Series A and possibly seriously injure the credit of Haiti. The Department, from the information at hand, is disposed to agree to Financial Adviser's proposal, and, unless you see any serious objections, you should urge upon the President the acceptance of this proposal and telegraph the results at once. In view of the circumstances under which these bonds were issued and in view of the stabilization of the gourde, this proposal would seem equitable to holders of present internal bonds. The Department feels that unless provision has been made

for the cancellation of this debt it will be doubtful whether bankers will decide to purchase the bonds of the new loan. Authority for the creation of the new issue apparently exists under the loan law recently passed, and it is, therefore, only necessary that the Haitian Government formally create the issue and authorize the Financial Adviser to use these bonds in the adjustment of the internal debt. Authority for the issue and use of Series B bonds should be forwarded to Financial Adviser at same time as authority for issue of Series A.

4. At the same time, it would be desirable that the Claims Commission should be constituted at once, in order that the work of adjusting the internal debt may be completed at an early date, and the proceeds of the loan thus made available to the holders of that debt. The Department, therefore, urges the Haitian Government to appoint its member of the Claims Commission, and to take any other steps necessary for the constitution of the Commission at once. Immediately after these steps have been taken the Department will nominate its representative.

5. In this connection, the Department desires that the question of recapitalization of the internal debt, referred to in your June 26, 4 p.m.,⁴⁹ should be decided, in order that this debt may be refunded by the new internal bonds and by the proceeds of the external loan. The Department is of the opinion that the Haitian Government should itself make a proposal for this recapitalization, but it calls your attention to the fact that the provisions of Article 2 and of Article 4 of the Treaty impose upon the Financial Adviser the duty of cooperating in this adjustment even though the internal bonds are not to be submitted to the Claims Commission. The Financial Adviser, therefore, does not feel that he would be justified in recommending the payment of any arrears of interest until he has been informed of the Haitian Government's intention regarding the recapitalization, and until he is convinced that the Government's plan adequately safeguards the interests of the Haitian Treasury. The Department concurs in his view that the scandalous circumstances which apparently attended the issue of these bonds would make it very inadvisable to refund the bonds at par.

6. To provide a market for and stabilize price of internal bonds the Financial Adviser proposes out of surplus revenues to retire each year a number of these bonds, other than by regular amortization, on conditions to be agreed upon. In your discretion and after consultation with Acting Financial Adviser you may informally present this as a tentative suggestion.

HUGHES

⁴⁹ Not printed.

838.51/1321 : Telegram

The High Commissioner in Haiti (Russell) to the Secretary of State

PORT AU PRINCE, July 24, 1922—2 p. m.

[Received July 25—9:30 a. m.]

86. Department's 56, July 18, 4 p.m. The attitude and spirit shown by President Borno since his inauguration has been to work in thorough accord with the United States Government, have resulted [*sic*] in carrying out of the treaty. This attitude on his part has established a frank and loyal cooperation that has never before existed between the two Governments. It is my opinion that to inform him, at this time, of the Financial Adviser's views as set forth in paragraph 5 of the above-mentioned telegram might materially change his present attitude and undo much of the work that I have done toward gaining his confidence and bringing about a friendly spirit. It is therefore recommended that the question of the recapitalization of the internal bonds be left open until the appointment of the new Financial Adviser. Realizing the fact that, as already stated, the maintenance of the cordial relations that have been established together with the desire of the President to meet me more than half way and to conduct his Government in accordance with most beneficial and economical methods, I feel that the Department when made cognizant of these facts would be implicating [*sic*] me and I accordingly refrain from informing the Haitian Government regarding that part of the Department's telegram contained in paragraph 5.

RUSSELL

838.51/1332a : Telegram

The Secretary of State to the Chargé in Haiti (Dunn)

WASHINGTON, July 26, 1922—3 p. m.

58. For General Russell:

Your 86, July 24, 2 p. m.

Department has carefully considered the whole situation and feels that it would be most inadvisable to modify its plan as outlined in Department's No. 56 of July 18, 5 [4] p. m. The Department firmly believes that recapitalization of the internal debt should be proceeded with immediately as suggested in paragraph 5 of its instruction under consideration. You may present this matter to the Government as the views of the Department rather than of the Financial Adviser, should you deem it advisable.

You should present the financial plan to the Government as a whole as embodied in the Department's telegram of July 18, 5 [4] p. m.

HUGHES

838.51/1338 : Telegram

The High Commissioner in Haiti (Russell) to the Secretary of State

PORT AU PRINCE, August 1, 1922—noon.

[Received August 5—9:15 a. m.]

88. In a long discussion with the President this morning on loan he stated that he had no fear of series B being dumped on the market in the United States and that he wished to issue this series as gold bonds; that many of the bonds and claims to be covered by this series were payable in gold and that he considered it would be illegal to force on holders of such bonds series B payable in gourdes. I pointed out to the President that by making them payable in gold he not only might seriously injure the credit of Haiti but he would be virtually exteriorizing the internal loan to which the Haitian Government had heretofore been strongly opposed. He stated that he also was opposed to exteriorizing internal loan but did not agree with me the payment in gold would do so. Finally in view of his insistence I informed him I would notify Department of his request.

Suggest Department urge Haitian Government to issue gourde bonds but that if it insists on gold bonds that the Department insist such bonds be registered both as to principal and interest.

RUSSELL

838.51/1341 : Telegram

The High Commissioner in Haiti (Russell) to the Secretary of State

PORT AU PRINCE, August 11, 1922—2 p. m.

[Received August 12—2:13 p. m.]

90. Following note just received from the Haitian Government:

"I have had the honor to receive Your Excellency's letters dated July 25th and 27th, last,⁸⁰ relative to the loan negotiations which are now under discussion. Referring to my note of June 22nd last,⁸⁰ in response to Your Excellency's letter of the 19th of the same month,⁸⁰ I am charged by the Council of Secretaries of State to confirm that the Haitian Government authorizes the Financial Adviser to solicit offers from all the bankers for the \$16,000,000 of the bonds of series A, the emission of which has been authorized by the law of June 26th, 1922.⁸¹

1. It is understood that this issue will be made according to the following conditions:

Sixteen million dollars of bonds of series A bearing 6 percent interest per year, redeemable in 30 years by annual drawings at par or by purchase on the market below par.

⁸⁰ Not printed.

⁸¹ *Ante*, p. 500.

The Haitian Government reserves the right to purchase these obligations at par at any time after the 15th year, provided previous notice is given within a reasonable delay.

2. These obligations will be guaranteed in conformity with article 8 of the protocol and will have a sinking fund such as is stipulated in the note of July 25th.

3. Besides the amortization funds there will be a market fund constituted from the general revenues of the Republic. If during any year of the duration of the series A issue these general revenues exceed \$7,000,000, 25 percent of this excess, but not more than \$250,000 yearly, will be employed for the purchase in the market of the bonds of this issue at a rate not exceeding par. If by reason of a default in the purchase of the bonds at par or below a balance exists, this balance will be returned to the Public Treasury.

4. The offers of the bankers will be closed, that is to say, that the successful bidder for the loan guarantees the payment of the funds of the loan to the Haitian State on the basis of the rate of issue resulting from the bids.

5. The bids will be received by the Financial Adviser and the Haitian representative duly named at Washington. They will be made above a minimum rate of issue.

6. All expenses whatsoever of issue, publicity and others will be at the expense of the bankers. As soon as the loan contract will have been signed by the Financial Adviser and the successful bidder it will be transmitted to the Haitian Government for submission to the sanction of the legislative power.

[In the meantime it remains recognized as a necessity of the present situation that upon the signature of the loan contract the bankers may proceed to the emission of the loan.]^{51a}

Immediately after the sanction of the contract by the legislative body, the Haitian Government will name the Haitian member of the Claims Commission and will take all other necessary measures with a view to the constitution of said Commission.

It remains understood from this moment that a special law, the dispositions of which will be arrived at in cooperation with the new Financial Adviser, will be proposed to the legislative body with a view to authorizing the Government to issue the interior bonds, 6 percent, series B, of about 5 million dollars for the adjustment, in conformity with the protocol, of the interior debt; these will be payable in Haiti and will have the same guarantees as the bonds of series A of the 40 million dollar loan."

Sinking fund table referred to in paragraph 2 of my note of July 25,⁵² was Lee, Higginson sinking fund table contained in annex to letter of Lee, Higginson Company to Mr. McIlhenny dated November 8, 1921.⁵³

Referring to last sentence of paragraph 5, the President informed me that he deemed this action necessary in order to prevent bankers

^{51a} This paragraph, omitted from the text as received by telegraph, has been inserted from the text transmitted in General Russell's despatch no. 50, Aug. 12 (file no. 838.51/1344).

⁵² Not printed.

from collusion and that he left minimum price to the discretion of the Department. He informed me this morning that immediately upon signing of loan contract that Haitian member of Claims Commission would be named.

Understand Haitian representative Mr. Dejean will sail from Port au Prince August 22.

Copy of the above will reach the Department by mail August 18.

RUSSELL

888.51/1841 : Telegram

The Secretary of State to the Vice Consul in Charge of the Legation in Haiti (Longyear)

WASHINGTON, August 15, 1922—3 p. m.

62. For General Russell. Your August 11, 2 p. m. You will express to the Haitian Government the Department's gratification that the essential conditions of the foreign loan have now been determined upon. You will say, however, that there are three points in the note addressed to you by the Haitian Government which the Department feels might well receive further consideration.

1. In Paragraph 5 of the Haitian Government's note it is stated that the bids "will be made above a minimum rate of issue." It would seem more customary and possibly productive of better results if, instead of fixing a minimum rate, the Financial Adviser acting in cooperation with the Department of State, reserved the right to reject any or all bids. There would appear to be no danger of collusion between the bankers because of the large number of bankers who will be invited to submit bids, and it will be possible, if the bids submitted appear unjustifiably low, to reject them.

2. You will urge upon the Haitian Government the desirability of taking action immediately toward constituting a Claims Commission. The Department feels that the prospect for the successful flotation of the loan would be materially improved if it were possible, in calling for bids, to announce that the Claims Commission had been constituted. The Department hopes, therefore, that the Haitian Government will reconsider its decision on this point.

3. The Department deems it essential for the successful flotation of the loan that the internal bonds should be authorized by law before bids are invited for the external bonds, because bankers must know the exact nature of the internal bond issue before they can act intelligently in submitting bids for the external bonds. Furthermore, it is believed that no bankers would consider the purchase of the bonds unless provision should previously have been made for the payment of the creditors now having liens on the customs

duties. You will, therefore, urge the Government to promulgate a decree, or, if necessary, to prepare and have enacted a law authorizing the internal bonds with all possible expedition.

In this connection, after considering your August 1, noon, the Department does not feel inclined to insist upon the issue of the internal bonds in gourdes if the Haitian Government continues desirous of making the bonds payable in dollars. The Department still feels that a better price would be obtained for the external bonds if the internal bonds were payable in gourdes, but it feels that this matter is one which must be decided by the Haitian Government. It assumes that the question can be reconsidered, if the issue of the internal bonds in dollars makes the flotation of the external loan unduly difficult.

The Department regards the question of the currency in which the internal bonds are payable as important from the point of view of the marketability of the external series. It appreciates on the other hand that the internal bonds would be more readily received if they were payable in dollars, and it does not wish to delay the negotiations by insistence upon this point. It leaves it, therefore, to your discretion to settle the matter with the Haitian Government.

In the event that the Haitian Government determines to issue the internal series in dollars you are authorized to suggest that the bonds of these two series be registered both as to principal and interest. The Department hopes to receive a reply upon this and the other points above mentioned in the immediate future.

HUGHES

838.51/1846 : Telegram

The High Commissioner in Haiti (Russell) to the Secretary of State

PORT AU PRINCE, August 19, 1922—7 p. m.

[Received August 20—8:25 p. m.]

92. Department's 62 August 15, 3 p. m. Received the following note from the Haitian Government today:

"I have the honor of receiving the letter of the 17th August by which Your Excellency, in expressing to me the satisfaction which the Government of the United States feels in seeing that the essential conditions of the foreign loan are definitely agreed upon, asks the Haitian Government to examine anew three of the points contained in the note from this Department under date of the 8th August current."⁵³

⁵³ Quoted in the High Commissioner's telegram no. 90, Aug. 11, 1922, 2 p. m., p. 506.

The Council of Secretaries of State, to which the new suggestions of the American Government have been submitted, has charged me to make known to Your Excellency that it does not see the inconvenience attached to the fixing of the minimum price to the loan at the time of sending out the proposals.⁴⁴ However, it is well understood that the Haitian Government reserves the right of rejecting all bids.

In that which concerns the second point of the note of the 17th August informing me that the Government of Your Excellency desires to see my Government immediately take the necessary measures in view of the constitution of the Claims Commission, I am charged with renewing to Your Excellency the formal assurance that the Haitian member of the Commission will be named within 8 days, at the latest, after the loan of \$16,000,000 shall have been signed.

As to the emission of the \$5,000,000 of internal obligations at 6 percent to provide for the settlement of interior debt, the Council of Secretaries of State is of the opinion that the emission must necessarily be authorized by a law. This law will be presented to the Council of State, as soon as the notification of the signing of the loan contract, in the United States, of the \$16,000,000 of the series A.

Without doubt, it is proper that the bankers asked to participate in the loan of 16 millions should know the exact amount of the second emission before submitting their offers for the first. And that is why the Government does not hesitate to renew its formal declaration that the series of the interior obligations will be exactly \$5,000,000 covering all the interior debt.

Moreover, it results as much from the protocol of October 3rd, 1919, as far as we can understand the law of the loan which sanctioned it, that the general revenues of the Republic which must serve as a pledge to the loan of \$40,000,000,⁴⁵ the part of the customs receipts which guarantees the payment of certain credits as well for the interior as the exterior becomes by this action disaffected and employed exclusively to the service of the loan of 40 millions and in consequence of the emission of the 5 million of interior obligations which are but a slice of loan of 40 millions."

The President informed me today that he expected to call a Council of State in extraordinary session about September 1st. He stated

⁴⁴ Comparison with the French text, received Aug. 28, shows that this sentence should have been translated as follows: "The Council of Secretaries of State, to which the new suggestions of the American Government have been submitted, has charged me to make known to Your Excellency that it does not see any inconvenience in not fixing a minimum rate of issue of the loan at the time of calling for bids." On Sept. 12 the Department called Gen. Russell's attention to this discrepancy, and informed him that the Financial Adviser, acting on the terms of the note, would simply reserve the right to reject any or all bids.

⁴⁵ Comparison with the French text shows that this portion of the sentence should have been translated "Moreover, it results as much from the protocol of October 3rd, 1919, as from the loan law which sanctions it, that since the general revenues of the Republic must serve as a pledge to the loan of \$40,000,000".

that the protocol had created Claims Commission and it was now only necessary to name members, issue decree compelling the attendance of witnesses and the production of papers and pass a law voting extraordinary credits for salaries and expenses.

RUSSELL

838.51/1346 : Telegram

The Secretary of State to the Vice Consul in Charge of the Legation in Haiti (Longyear)

WASHINGTON, August 22, 1922—4 p. m.

63. For General Russell.

Your August 19, 7 p. m.

You will inform Haitian Government that the Department has taken note of its note of August 19. It is gratified that the Haitian Government has given assurance that the Haitian member of the Claims Commission will be named within 8 days at the latest after the loan contract has been signed.

In view of the opinion of the Haitian Government that a new law is necessary to authorize the internal bond issue, the Department is prepared to proceed at once with the obtaining of bids for the external bond issue if the Haitian Government will give assurance that the law authorizing the new issue of internal bonds will be submitted to the Council of State on September 1. The Department still regards it as important that all details of the internal bond issue should be settled before the contract for the external bond issue is signed.

HUGHES

838.51/1351 : Telegram

The High Commissioner in Haiti (Russell) to the Acting Secretary of State

PORT AU PRINCE, August 26, 1922—noon.

[Received August 28—9:30 a. m.]

95. Following note received from Haitian Government:

"I have had the honor to receive the letter of the 24th of this month by which Your Excellency made known to me that your Government is happy to see the Haitian Government renew the assurance that the Haitian member of the Claims Commission will be nominated within 8 days after the contract of the loan shall have been signed.

My Government takes note of your communication on this subject.

In that which concerns the emission of the interior obligations I am charged to inform Your Excellency that conforming to the suggestion made by the Department of State, the Haitian Government will submit to the Council of State, in the first week of its extraordinary session beginning the 4th September next, a project to have [off?] law authorizing the new obligation and regulating the condition of emission.

The question being thus regulated, my Government has the hope that the Department of State will proceed immediately to obtaining offers for the emission of the exterior obligations."

RUSSELL

838.51/1852 : Telegram

The High Commissioner in Haiti (Russell) to the Acting Secretary of State

PORT AU PRINCE, August 26, 1922—3 p.m.

[Received August 28—2:55 p.m.]

97. The following note received from the Haitian Government:

"In response to the letter of this day from Your Excellency I am charged to inform you that the Financial Adviser is authorized to sign the contract of the loan of \$16,000,000 in the name of the Haitian Government and that the bonds of that loan can be put on sale immediately after the signature of the contract."

RUSSELL

838.51/1851 : Telegram

The Acting Secretary of State to the Vice Consul in Charge of the Legation in Haiti (Longyear)

WASHINGTON, August 30, 1922—4 p.m.

69. For General Russell.

Your August 26, noon.

You will inform the Haitian Government that this Government is gratified to receive the assurance conveyed in note referred to and that it desires to suggest the advisability of forwarding a copy of the draft of the law authorizing the issue of bonds of Series "B" to the Department before its presentation to the Council of State. This will make it possible for the Financial Adviser to study the matter and to make any suggestions which may appear advisable. There would appear to be ample time to forward telegraphic summary of the project before consideration by Council of State.

PHILLIPS

838.51/1354 : Telegram

The High Commissioner in Haiti (Russell) to the Acting Secretary of State

PORT AU PRINCE, September 1, 1922—4 p. m.

[Received September 5—10:30 a. m.⁸⁹]

102. Department's August 30, 4 p. m. Draft of the law is as follows:

[The draft opens with a preamble which is not printed.]

Article 1. The Secretary of Finance and Commerce is authorized to make an emission of \$5,000,000 of gold bonds series B which shall be used concurrently with a part of the funds series A of \$16,000,000 gold from the loan authorized by the law of June 26, 1922,⁹⁰ first to the settlement of the interior debt 1912, 13 and 14, and then for the floating debt and diverse claims as they will be decided by the Claims Commission relative to the last two categories of debts.

Article 2. These bonds of series B will bear interest at the rate of 6 per cent per annum and shall be issued by the National Bank of the Republic of Haiti. A sufficient sum shall be drawn annually from the general receipts of the Republic which shall be reserved by the National Bank of the Republic of Haiti and used in the payment of the interest and amortization of the bonds series B under the same guarantee and privilege and time as for those of the series A.

Article 3. The bonds of series B shall be nominative,⁹¹ transferable [*payable*?] in Haiti as well for the capital as for the interest. They shall, as [*like*] those of series A, be redeemed in 30 years by drawings at par or by purchase on bourse below par. The Government reserves the right to redeem said bonds from the 15th year of their date after reasonable previous notice being given.

Article 4. The expenses and other details of the emission of bonds shall be fixed by the Secretary of State of Finance and Commerce in accord with the Financial Adviser.⁹²]

Article 5 is the usual abrogation clause.

RUSSELL

838.51/1354 : Telegram

The Acting Secretary of State to the Vice Consul in Charge of the Legation in Haiti (Longyear)

WASHINGTON, September 9, 1922—4 p. m.

73. For General Russell.

Your September 1, 4 P. M.

The Department feels Article 2 of the draft law should be modified to conform to the provisions of Article 5 of treaty and Article 6 of protocol. The following wording is suggested:

⁸⁹ Text printed from corrected copy received Sept. 21, 1922.

⁹⁰ *Ante*, p. 500.

⁹¹ i. e., registered.

"The bonds shall be issued through the National Bank of the Republic of Haiti in a manner to be determined upon by the Government in accord with the Financial Adviser.

"The General Receiver of Customs shall set aside monthly a sufficient sum from the customs receipts and general receipts under his control for the payment of interest and amortization of the bonds of Series B. This sum shall be placed on deposit with the National Bank, which shall make the necessary payments as the fiscal agent of the Government.

"The bonds shall, in accordance with the treaty of September 16, 1915, and the protocol of October 3, 1919, enjoy the same security as the external bonds of Series A."

PHILLIPS

838.51/1374 : Telegram

The High Commissioner in Haiti (Russell) to the Acting Secretary of State

PORT AU PRINCE, September 15, 1922—noon.

[Received September 16—10:05 a. m.]

106. In reply to my note containing the suggestions made by the Department's 73, September 9, 4 p. m. the Haitian Government informs me that it has taken note of suggestions and will place them before the legislative committee now examining the proposed law.⁶²

RUSSELL

838.51/1388a : Telegram

The Secretary of State to the Chargé in Haiti (Dunn)

WASHINGTON, September 23, 1922—6 p.m.

83. For General Russell:

Bids for loans opened this afternoon. National City Company bid 92.137; Lee, Higginson and Company bid 90.427 and Speyer and Blair bid 88.03125. Loan was awarded to National City. Please have figures kept strictly confidential as details will not be made public for the present.

HUGHES

838.51/1189 supp.

The Secretary of State to the High Commissioner in Haiti (Russell)

No. 42

WASHINGTON, October 5, 1922.

SIR: Your attention is called to that portion of the Department's instruction of February 2, 1922, to Mr. Jordan,⁶³ which refers to the

⁶² The law, embodying the Department's suggestions, was passed by the Council of State Sept. 27, approved by President Borno Oct. 2, and published in *Le Moniteur* Oct. 5, 1922.

⁶³ *Ante*, p. 478.

efforts which should be made by the General Receiver of Customs to persuade the bondholders of the National Railroad to accept payment of the interest on the bonds in francs and not to exercise their right to elect to receive payment in dollars.

In view of the imminent flotation of the foreign loan the Department feels that any efforts which may have been made to carry out this instruction should now be discontinued. The protocol clearly provides that the interest on the National Railroad bonds should be paid from the proceeds of the loan and the bondholders would appear to have an unquestionable right to demand such payments in full in dollars. Consequently, you are requested to inform the General Receiver of Customs that the Department does not desire him to take any further steps toward a compromise with the holders of the railroad bonds. The Department understands that the General Receiver's recent letter to Mr. Farnham,⁴⁴ which was sent by Mr. Maumus to Mr. McIlhenny, has not been forwarded.

I am [etc.]

For the Secretary of State:

LELAND HARRISON

838.51/1394

*The Financial Adviser to the Government of Haiti (McIlhenny)
temporarily in the United States, to the Secretary of State*

WASHINGTON, October 7, 1922.

SIR: I have the honor to submit herewith for your consideration and approval the copy of a contract between the Republic of Haiti and the National City Company, of New York, and the National City Bank of New York, providing for the purchase by the National City Company of \$16,000,000 of 30 year 6% Gold Bonds of the Republic of Haiti, and further providing that the National City Bank of New York be appointed Fiscal Agent for the service of the loan which is constituted Series A of a loan of \$40,000,000 authorized by the Protocol of October 3, 1919 between the Republic of Haiti and the United States of America, and further authorized by the law of June 26, 1922 of the Haitian Council of State.

The loan has been contracted by me as Financial Adviser to the Republic of Haiti, under authority of the Haitian Government dated August 21, 1922 and transmitted to me through the Legation of the Republic of Haiti at Washington, D. C. My instructions advised me that M. Leon Dejean, Secretary of State for Foreign

⁴⁴ Mr. Roger L. Farnham, receiver for the National Railroad of Haiti; letter not printed.

Affairs, had been delegated by the Haitian Government to assist me in contracting the loan. Therefore, and in accordance with my instructions, M. Leon Dejean has assisted me in the negotiations relative to the loan, and has approved and signed the contract herewith submitted.⁶⁵

With great respect [etc.]

JOHN A. McILHENNY

838.51/1394

The Secretary of State to the Financial Adviser to the Government of Haiti (McIlhenny), temporarily in the United States

WASHINGTON, October 7, 1922.

SIR: I have received your letter of October 7, 1922, submitting a copy of the contract between the Republic of Haiti on the one hand, and the National City Company of New York and the National City Bank of New York on the other hand, providing for the purchase by the National City Company of \$16,000,000 of thirty year six per cent. Gold Bonds of the Republic of Haiti, and providing for the appointment of the National City Bank of New York as the Fiscal Agent for the service of the loan.

In reply I take pleasure in informing you that this contract has been duly examined by the Department of State and that no objection is perceived to the provisions thereof. I desire also to inform you that the President of the United States, in accordance with Article VIII of the Treaty of September 16, 1915, has given his agreement to the issue by the Government of Haiti of \$16,000,000 thirty year six per cent. Gold Bonds of Series A of the loan provided for by the Protocol of October 3, 1919, between the United States and Haiti.

I am [etc.]

CHARLES E. HUGHES

838.51/1415 : Telegram

The High Commissioner in Haiti (Russell) to the Secretary of State

PORT AU PRINCE, October 28, 1922—9 a. m.

[Received 8:50 p. m.]

131. Officially informed by the Haitian Government that the Council of State yesterday, October 27th, sanctioned without modification the loan protocol.

RUSSELL

⁶⁵ The contract and the law of sanction were published in *Le Monteur*, Oct. 30, 1922.

838.51/1499

Memorandum by the Under Secretary of State (Phillips) of a Conversation with the Haitian Secretary of State for Foreign Affairs (Dejean), on Special Mission in the United States

[Extract]

[WASHINGTON,] November 2, 1922.

Mr. Leon Dejean suggested that this was a very opportune moment to effect two reforms in Haiti which he assured me would have a most excellent and farreaching effect if they could be carried out.

(1) One was a combination into one office of the present two offices of the Receiver General and the Financial Adviser. He spoke of the expense of having these two high officials, and he thought that the administration of the government would also be facilitated by having the work performed by one official.

(2) The other point which he raised was his desire to have civilians take over, wherever possible, the work which was now being performed in the administration by the military. He referred to the education of military officers, which in all armies was the same. There was a desire to give orders and to have them promptly obeyed. They did not have the same spirit of cooperation which civilians would have by nature and by education. I asked him whether he was disposed to put his suggestions into writing, and he said that he preferred to bring the two points to our attention very informally and orally.

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W[ILLIAM] P[HILLIPS]

838.51/1432a : Telegram

The Secretary of State to the Chargé in Haiti (Dunn)

WASHINGTON, November 10, 1922—5 p. m.

105. For General Russell. In view of the ratification of the loan contract Department assumes and desires that items mentioned in Article III of protocol will be paid immediately. The General Receiver should then set aside for service of public debt after payment of collection expenses, etc., following items: Service of bonds of Series A and of such bonds of Series B as may have been issued; service of notes of the Compagnie Haitienne de Construction; and amount now being segregated for services of internal loans and Bons Fouchard. Last named amount should be held pending refunding of internal bonds and decision regarding payment of Bons Fouchard.

Department regards railroad subventions, French Cable subsidy and similar payments as not constituting payments upon public debt and they should, therefore, be made in future out of funds available for Haitian Government expenses.

Pending enactment of internal revenue legislation, Department would approve use of small portion of proceeds of foreign loan for payment of interest and amortization, if absolutely necessary and only as a temporary measure.

Communicate above to General Receiver and Financial Adviser. Mail instruction follows.

HUGHES

838.51/1436 : Telegram

The Secretary of State to the Haitian Secretary of State for Foreign Affairs (Dejean), on Special Mission in the United States

WASHINGTON, November 16, 1922.

The Department received from American High Commissioner at Port-au-Prince a telegram stating that President of Haiti desires following message, dated November 14, received November 15, delivered to you:

"The Republic of Haiti is under no obligation to pay in gold either the obligations of 1896 or those of 1910. Payment will be made in francs at the rate of the day. Signed. Arthur Rameau, Secretary of State for Justice."

CHARLES E. HUGHES

838.51/1440

The Haitian Secretary of State for Foreign Affairs (Dejean), on Special Mission in the United States, to the Secretary of State

[Translation]

NEW YORK, November 18, 1922.

MR. SECRETARY OF STATE: Immediately upon receiving the telegram Your Excellency was so kind as to send me on November 18th[16], I communicated both to the National City Company and its counsel the opinion of the Secretary of State for Justice of the Republic of Haiti as to the right of the Haitian Government to redeem in francs at the rate on the day of redemption, and not in gold, the bonds of the 1910 loan.

I have the honor to forward herewith to Your Excellency a copy of the letter from Messrs. Shearman and Sterling, dated November 17th, and of that which I sent to the National City Company to-day.

I find myself constrained under my Government's instruction to beg Your Excellency kindly to lend me Your high assistance toward an early and satisfactory settlement of this important question.

I gladly take [etc.]

LEON DEJEAN

[Enclosure 1]

Messrs. Shearman & Sterling to the Haitian Secretary of State for Foreign Affairs (Dejean)

NEW YORK, November 17, 1922.

SIR: We are pleased to acknowledge receipt of your favor of today's date, enclosing a copy of the telegram of the Secretary of State of the United States of America, transmitting the opinion of the Secretary of State for Justice of the Republic of Haiti.

We regret that, pending a satisfactory determination of the question which has been raised respecting the payment of the 1910 External Gold Loan, and upon which we feel depends, to some degree, the ability of the Republic of Haiti to discharge the existing liens on its revenues in accordance with the provisions of Article X of the Contract of October 6, 1922, we are not now in position to give our definitive approval of the new Loan. For reasons which we have explained to you, we consider that the question should be laid before our Department of State, and that the attitude adopted by the Department must, in great measure, influence our ultimate conclusion. We beg to assure you, however, that we shall expedite the final determination of the question with all diligence.

With renewed assurance [etc.]

SHEARMAN & STERLING

[Enclosure 2—Translation *]

The Haitian Secretary of State for Foreign Affairs (Dejean) to the National City Company

NEW YORK, November 18, 1922.

GENTLEMEN: Referring to my letter of this date enclosing a copy of a telegram from the Secretary of State of the United States of America and of my letter to Messrs. Shearman and Sterling, I have the honor to forward herewith to you a copy of your counsel's communication dated November 17, 1922.

Once more, practically on the eve of the expiration of the time set for the payment of the loan under the contract, another difficulty has arisen which was entirely unexpected by the Haitian Government.

* File translation revised.

I cannot really understand, as I have had the honor to say both to your counsel and to Mr. Mitchell, president of the National City Bank, how the National City Company, which tendered offers for the loan and signed the contract of October 6, 1922, on the strength of the official documents, and in particular the treaty of September 16, 1915, the protocol of October 3, 1919, and the law of June 26, 1922, which it had doubtless previously examined, should only at this time demand of the Department of State a declaration that it has already more than once given as the Financial Adviser recommended to the Haitian Government that it take advantage of the current rate of exchange of the franc to redeem the French debt [*sic*], a suggestion he recently renewed after the signature of the contract of October 6, 1922, when he formally approved the said contract and its purposes.

The demand is all the less comprehensible as at this moment anyone may buy on the Paris exchange at the rate of the day, Haitian bonds of 1910 below par.

It is not for the Haitian Government to settle this question, in connection with which it wishes to decline all responsibility.

I note, however, that your counsel in company with an officer of the Bank will confer next Tuesday with the Department of State in order to ascertain its opinion on the subject.

I shall advise my Government to that effect.

Be pleased [etc.]

LEON DEJEAN

838.51/1440

The Secretary of State to the Haitian Secretary of State for Foreign Affairs (Dejean), on Special Mission in the United States

WASHINGTON, November 24, 1922.

EXCELLENCY: I have the honor to acknowledge the receipt of your letter of November 18, with which you transmitted copies of correspondence between yourself and National City Company of New York regarding the recently concluded Haitian loan. I note that you request the assistance of this Department in adjusting the questions which have arisen between yourself and the bankers.

I take pleasure in informing you that the Department of State has addressed a letter to the National City Company and the National City Bank expressing its opinion regarding the redemption of the bonds of the Haitian loan of 1910. A copy of this letter is transmitted herewith for your information.

Accept [etc.]

CHARLES E. HUGHES

[Enclosure]

*The Secretary of State to the National City Company and the
National City Bank*

WASHINGTON, November 22, 1922.

GENTLEMEN: The Department has received your letter of November 22, 1922,⁶⁹ requesting the opinion of the Department of State upon the question of the redemption of the bonds of the Haitian Loan of 1910.

In reply you are informed that it is the view of this Department that if the Government of Haiti calls the bonds of 1910 for redemption and tenders payment in French francs now in ordinary use and circulation, (and not in gold) in the amount of the principal and interest of such bonds, the lien of these bonds upon the Haitian customs revenues will be discharged so that the service of the new bonds of Series A of 1922, will constitute a second charge upon the customs revenues of Haiti next in order, until the expiration of the Treaty of September 16, 1915, after payment of salaries, allowances and expenses of the General Receiver and the Financial Adviser and their assistants, as provided in the protocol between the United States and Haiti, in accordance with which the new bonds were issued.

I am [etc.]

For the Secretary of State:

WILLIAM PHILLIPS

Under Secretary

838.51/1452 : Telegram

The High Commissioner in Haiti (Russell) to the Secretary of State

PORT AU PRINCE, December 1, 1922—2 p.m.

[Received December 2—10:40 a.m.]

150. My despatch number 85 of November 11th, 1922,⁶⁹ and Department's instruction number 53, November 13, 1922.⁶⁹ In accordance with the Department's instruction number 474 February 2, 1922⁷⁰ General Receiver has set aside to [the?] following amounts: Interest bank note for the fiscal year 1921-22, \$103,989.33; interest

⁶⁹ Not printed.

⁷⁰ *Ante*, p. 478.

guarantee National Railroad, \$186,090.53; interest on the interior debt, \$111,929.59.

The first item has been released by payments from the proceeds of the loan; the last two items will become available as soon as the Financial Adviser will have authorized payment from the proceeds of the loan. Authority is requested to obtain the \$300,000 mentioned,⁷² first from funds set aside for the service of old debts and now made available by the realization of the loan; second from funds made available by the loan.

Financial Adviser concurs. Funds much needed at this time for initial development work.

RUSSELL

838.51/1452 : Telegram

The Secretary of State to the Chargé in Haiti (Dunn)

WASHINGTON, December 8, 1922—7 p. m.

121. For General Russell.

Your December 1, 2 p. m. If the Haitian Government has made necessary provision of law for public works in question you may inform General Receiver that Department perceives no objection to taking \$300,000 for public works from funds set aside for service of old debts and now made available by the realization of the loan, or from funds made available by the loan.

HUGHES

838.51/1479 : Telegram

The High Commissioner in Haiti (Russell) to the Secretary of State

PORT AU PRINCE, December 29, 1922—2 p. m.

[Received December 30—1:15 p. m.]

165. Agreement reached regarding settlement interior bonds as follows. Interest face value of bonds to accrue to December 31st, 1922, bonds to be exchanged for series B at the following recapitalization: 1912, no reduction; 1913, 5 percent; 1914 A, 15 percent; 1914 B, 20 percent; 1914 C, 25 percent.

Over 70 percent of banks have already agreed to above adjustment and payment of interest commences today.

RUSSELL

⁷² In his despatch no. 85, Gen. Russell mentioned the necessity for the expenditure of this amount on public works.

CONTRACT FOR THE TRANSFER OF THE CHARTER OF THE BANQUE
NATIONALE D'HAITI TO THE BANQUE NATIONALE DE LA RÉPU-
BLIQUE D'HAITI¹³

888,516/179a

*The Secretary of State to the Vice President of the National City
Bank (G. E. Gregory)*

WASHINGTON, April 6, 1922.

SIR: The Department has carefully considered the terms of the Agreement regarding the transfer of the Contract of Concession of the National Bank of the Republic of Haiti, which Agreement was concluded on February 20, 1922, between yourself and Mr. J. Charles Pressoir, Secretary of State of Finance and Commerce of the Republic of Haiti.¹⁴

You will recall that at a conference held in the Latin American Division of the Department of State on February 3, 1920,¹⁵ the representatives of the Bank agreed upon certain modifications to be made in the Contract of Concession of the National Bank in order that the transfer of the Concession to the National City Bank of New York might meet with the approval of the Department of State. After the Haitian Government had indicated its unwillingness to accept the modifications agreed upon, the Department of State, nevertheless, gave its approval to the purchase of the National Bank of the Republic of Haiti by the National City Bank with the express understanding that the National City Bank would accept and consider operative as a part of the Contract the modifications of that Contract agreed upon by the Department and the National City Bank, so soon as the Haitian Government might consent to the transfer of the Contract to the new Bank. It was further understood that if other modifications, which did not alter the essential features of the Contract as modified by the Agreement with the Department, should be suggested by the Government of Haiti, these modifications might be incorporated without relieving the Bank of the obligation to consider operative the essential modifications agreed upon by the Department of State and the Bank.

The Department of State cannot but feel that the Agreement recently concluded by you with the Secretary of State of Finance and Commerce of the Republic of Haiti, in Port au Prince, departs in several material points from the principles established by the

¹³ For previous correspondence, see *Foreign Relations*, 1920, vol. II, pp. 816 ff.

¹⁴ Not printed.

¹⁵ See *Foreign Relations*, 1920, vol. II, p. 816.

Agreement between the Department of State and the National City Bank. The most important of these differences are the following:

1. The Agreement between the Bank and the Department provided for the abolition of the commissions collected by the National Bank for the treasury service, as provided in Article 17 of the Concession⁷⁸ and Article 4 of the Agreement of July 10, 1916.⁷⁹ In lieu of these commissions, it was agreed that the Bank should receive payment on account of the treasury service at the following rate: When the total receipts of the Government in a given fiscal year amount to six million dollars, the Bank should receive a commission of sixty-eight thousand dollars. For each additional one million dollars of the Government's income the bank should receive an additional ten thousand dollars, and when the income of the Government was less than six million dollars, the commission received by the bank should be decreased at the rate of ten thousand dollars for each million dollars by which the Government's income was less than six million dollars. In no fiscal year, however, should the payment to the Bank on account of the treasury service exceed the sum of one hundred thousand dollars.

The Agreement recently concluded by you in Port au Prince on the other hand retains the principle of the commission providing that this commission shall be one per cent upon all moneys received by the Bank for account of the Government with the minimum of sixty thousand dollars and a maximum of one hundred thousand dollars. The Agreement further provides that a commission of one-quarter per cent shall be paid the Bank on the actual amount of specie received by the Bank from the proceeds of loans floated abroad.

The Department feels that the provision regarding commissions is objectionable chiefly because it might be so interpreted, in conjunction with other provisions of the Concession, as to involve the payment by the Government to the Bank of a commission of one-quarter per cent upon the entire proceeds of the foreign loan, the flotation of which is now under consideration. The Agreement concluded between the Bank and the Department would have done away with the commission in question, thus making possible a considerable saving to the Government of Haiti. No good reason is perceived for the payment of a commission to the National Bank upon funds which the Government of Haiti may wish to pay directly to its foreign creditors from the proceeds of a loan floated in the United States.

2. Under the Agreement with the Department the National Bank of Haiti was to have allowed the Government interest on its credit balances at the current rate allowed by the Bank on demand deposits. If the Bank were unable to allow interest on gold deposits it was to transfer the funds to New York allowing interest thereon at the rate allowed by the National City Bank of New York for foreign demand deposits. This provision does not appear in the Agreement concluded at Port au Prince. While the Department understands that the National Bank of Haiti does not now allow interest on any de-

⁷⁸ Not printed.

⁷⁹ *Foreign Relations*, 1916, p. 358.

mand deposits, it feels, nevertheless, that if, at some future time, the Bank should allow interest on other demand deposits, such interest should also be paid to the Government of Haiti.

3. The provision in the Agreement concluded in Port au Prince for the issuance of three per cent bonds to retire a portion of the nickel currency does not appear to provide a sound or practicable means for maintaining the parity of this nickel currency. This Government is especially interested in the establishment in Haiti of a sound and adequate currency system, and it was for this reason that it suggested a carefully prepared modification of the Concession regarding the fractional currency, which modification was accepted by the Bank in its Agreement with the Department.

4. It had been agreed between the Bank and the Department that the Financial Adviser should have the right to inspect the operations of the Bank at any time. Under the new Agreement such inspection must be made through the medium of expert accountants, chosen in accord by the two contracting parties. The Department feels that the Financial Adviser himself should have the right, personally, to inspect the operations of the Bank, if he considers such inspection necessary.

5. The Agreement concluded in Port au Prince omits the provision giving the Government of Haiti a preferential right, in the event of the sale of the stock of the National Bank by the National City Bank, to purchase this stock at the same price which may be offered by any other *bona fide* purchaser. The Department feels that this provision constitutes an important safeguard for the interest of the Government of Haiti.

The Department fully realizes the undesirability of reopening the whole matter of the modification of the Concession, and it desires in every way to facilitate the reaching of an accord between the National City Bank, the Government of Haiti, and the Department of State. It feels, however, that the principles established by the Agreement of February 3, 1920, between the National City Bank and the Department, should be maintained. It is constrained, therefore, to insist upon the elimination from the Agreement recently concluded in Port au Prince of the portion relating to the issue of bonds for the stabilization of nickel currency, and the substitution therefor of the provision regarding the fractional currency as contained in the Agreement between the Department and the Bank. It must also insist upon the inclusion of the provision relating to the payment of interest on deposits, referred to as point two above, and upon the inclusion of the provision relating to the sale of the stock of the Bank, referred to as point five above.

If these changes are made, the Department is disposed to accept the remaining provisions of the Agreement between yourself and the Haitian Government, provided that the National Bank of Haiti will address letters to the Financial Adviser of Haiti and to the Department giving the following assurances:

1. That the National Bank of Haiti interprets the provision regarding the commission to be paid upon the proceeds of loans floated abroad as not applying to such part of the proceeds as may be employed abroad by the Republic for the payment or refunding of its obligations.

2. That the National Bank of Haiti will at all times permit the Financial Adviser personally, or through his agents, to inspect the operations of the Bank, and to call for such reports from the Bank as he may deem necessary.

The Department will be glad if you so desire to instruct the American High Commissioner at Port au Prince to recommend to the Haitian Government the acceptance as amendments to the Bank's Concession of the modifications above suggested, relating to the fractional currency, the payment of interest on deposits, and the sale of the stock of the Bank.

I am [etc.]

For the Secretary of State:

LELAND HARRISON

Assistant Secretary

838.516/179

*The Vice President of the National City Bank (G. E. Gregory) to
the Secretary of State*

NEW YORK, April 12, 1922.

[Received April 13.]

SIR: We have the honor to acknowledge the receipt of your letter of April 6, 1922, relating to the transfer of the Contract of Concession of the National Bank of the Republic of Haiti.

In regard to this matter we want to make it plain that we were ready to proceed under the modifications to be made in the Contract of Concession agreed to at a conference held in the Latin American Division of the Department of State on February 3, 1920 but were prevented from doing so by the Haitian Government's refusal to give its consent to the transfer under the proposed modifications and by its persistence in withholding its consent although the State Department assured us that the consent would be forthcoming.

This embarrassing condition continued for more than two years during which time the French Tax Office was pressing us for a decision as to whether or not the National Bank of the Republic of Haiti intended to liquidate or operate under its French Charter, and if the latter, the French Government insisted that we pay the tax assessed upon it for the period in question. This condition, as well as a demand by the Haitian Government for an examination of the Bank, being brought to the attention of the State Department, it was,

at a Conference held in the Latin American Division of the Department of State, suggested that someone be sent to Port-au-Prince with plenary power to conclude an agreement satisfactory to the Haitian Government and ourselves. After having concluded such an agreement, on February 20, 1922, with Mr. J. Charles Pressoir, Secretary of State of Finance and Commerce, we were disappointed that it did not meet with the approval of the State Department.

Some of the provisions in that agreement to which the Department of State now takes exception, were insisted upon by the Haitian Government and we feel that there will be difficulty and delays in securing its consent to any change in them. The alterations which the Department of State proposes will, in our opinion, open up the whole subject, and we therefore desire to suggest a few changes which we think will clarify the situation and in part supply an equivalent for the valuable part of the concession which the Bank of Haiti is asked to surrender.

Provided the changes herein suggested to the modifications of February 20, 1922 are made, we will agree:

1. To eliminate from that Agreement the portion relating to the issue of bonds for the stabilization of nickel currencies.

2. To allow interest in accordance with Article 3 of the modifications proposed between the Department and ourselves February 3, 1920, with the understanding that the following clause be added to that Article; "Provided, that the Bank will not be required to allow interest on Government funds on deposit in Haiti or New York when the Government of Haiti is indebted to the Bank for money borrowed".

3. To include in the Agreement, Article 8 of the modifications proposed between the Department and ourselves on February 3, 1920, which relates to the sale of the stock of the Bank of Haiti provided the following clause is added, viz:—"to be exercised within 30 days from receipt of notice of proposed sale".

4. We will agree to the interpretation regarding the commission as outlined in your letter of April 6, 1922.

5. In regard to the examinations and reports, we would suggest that the Article relating to this subject be revised as follows:—

"For the general inspection of the Bank the Government of Haiti shall during the life of this Concession have the right, at its own expense, upon eight days' notice to the Manager of the Bank at Port-au-Prince, to examine semi-annually, by one or more expert accountants to be chosen by the two contracting parties and the Financial Adviser, the books, funds, portfolio, affairs and operations of the Bank, and to call for reports (statements) quarterly, and the Financial Adviser during the life of the Haitian-American Convention have the right personally, or thru his agents, to inspect the opera-

tions of all the Government accounts in the Bank and call for monthly reports of such accounts if he deems it necessary to do so.

Copies of the reports of all semi-annual examinations and quarterly statements shall be handed to the Haitian Government and to the Financial Adviser ”.

6. In lieu of Article 3 of the original Contract of Concession as amended by the Agreement of February 20, 1922, we suggest that the following be substituted :—

“ The Bank shall be organized as a Haitian corporation in conformity with the Haitian Laws regulating such corporations and shall be exempt from all incorporation and registration fees. Its domicile shall be at Port-au-Prince where the annual shareholders’ meeting for the election of Directors shall be held, and where the archives (records) shall be kept. The Directors’ meeting may be held at Port-au-Prince or New York, according to the convenience of a majority of the Board. Copies of the minutes of the Board of Directors shall be kept in the Bank at Port-au-Prince. The Bank, upon agreement with the Government, shall have the right to establish branches and agencies wherever it shall be considered advisable for the needs of the business ”.

7. From Article 14 strike out the following phrase :—

“ within the limitations mentioned in Article 15 which follows ”

This amendment is made necessary by reason of the fact that Article 15 is eliminated by Agreement of February 20, 1922.

8. Add to Article 18 of the original Contract of Concession the following paragraph :—

“ The Bank shall hold in its vaults in legal tender money, gourdes or dollars, a reserve of twenty per cent (20%) of its governmental, bank, individual and commercial net demand deposits and five (5%) of its time and savings deposits. The Bank may loan the remainder of its deposits as described above in the ordinary course of its business under rules prescribed by its Board of Directors ”.

In view of the fact that the Bank of Haiti is surrendering a valuable part of its concession by agreeing to allow the Government interest, we are justified in asking that the additional expense of examinations, and the incorporation and registration fees, should be borne by the Government of Haiti, and that the principle that the Bank may loan a portion of its deposits should be established.

We appreciate your kind offer to instruct the American High Commissioner at Port-au-Prince to recommend to the Haitian Government the acceptance as amendments to the Bank’s concession of the modifications and if you are in accord with the suggestions herein made and approve them, we would thank you to include these amendments in your instructions.

I am [etc.]

G. E. GREGORY

838.516/179

The Secretary of State to the Vice President of the National City Bank (G. E. Gregory)

WASHINGTON, April 24, 1922.

SIR: The Department has received your letter of April 12, 1922, in regard to the proposed modifications in the Contract of Concession of the National Bank of the Republic of Haiti.

It has noted your statement that you were ready to proceed to the modifications to be made in the Contract of Concession as agreed upon at a conference held in the Latin-American Division of this Department on February 3, 1920, but that you were prevented from doing so by the Haitian Government's refusal to give its consent to the transfer of the concession despite the fact that the State Department had assured you that this consent would be forthcoming. The Department feels constrained to point out that it is obviously impossible for the Department of State to give any assurances as to the action of the Haitian Government in this matter, and to state that any assumption that such assurances had been given must have been based upon a misunderstanding.

You state that you are willing, provided certain changes are made in the modifications of February 20, 1922, to agree to certain provisions which are set forth below with the Department's comments upon each provision:—

1. To eliminate from the agreement of February 20, 1922, between yourselves and the Haitian Government the portion relating to the issue of bonds for the stabilization of nickel currencies.

The Department believes the elimination of this portion of the agreement is essential.

2. To allow interest in accordance with Article 3 of the modifications contained in the Agreement between the Department and the National City Bank, with the understanding that the following clause be added to that Article:

“ Provided, that the Bank will not be required to allow interest on Government funds on deposit in Haiti or New York when the Government of Haiti is indebted to the Bank for money borrowed ”.

The Department cannot perceive the necessity for a modification of the understanding between the Department and the Bank regarding the payment of interest. The Bank's concession provides for a permanent credit to the Government upon which the Government pays interest, and it is not clear why the Bank should refuse to pay

interest upon sums deposited with it by the Government when the Government on its part is paying interest upon its debt to the Bank. The modification which you propose would render valueless the provision regarding the payment of interest on deposits.

3. To include in the Agreement, Article 8 of the modifications agreed upon between the Department and the Bank on February 3, 1920, which relates to the sale of the stock of the Bank of Haiti provided the following clause is added, viz:—"to be exercised within 30 days from receipt of notice of proposed sale".

No objection is perceived to the modification proposed.

4. The Bank will agree to the interpretation regarding the Commission as outlined in the Department's letter of April 6, 1922.

The Department regards this as a necessary condition to its approval of your Agreement with the Haitian Government regarding the compensation to the Bank for the Treasury service.

5. You suggest that the Article relating to examination of the Bank be revised as follows:—

"For the general inspection of the Bank the Government of Haiti shall during the life of this Concession have the right, at its own expense, upon eight days' notice to the Manager of the Bank at Port-au-Prince, to examine semi-annually, by one or more expert accountants to be chosen by the two contracting parties and the Financial Adviser, the books, funds, portfolio, affairs and operations of the Bank, and to call for reports (statements) quarterly, and the Financial Adviser during the life of the Haitian-American Convention have the right personally, or thru his agents, to inspect the operations of all the Government accounts in the Bank and call for monthly reports of such accounts if he deems it necessary to do so.

Copies of the reports of all semi-annual examinations and quarterly statements shall be handed to the Haitian Government and to the Financial Adviser."

A revision in the sense proposed by you would deprive the Financial Adviser of the right conceded to him in the Agreement of February 3, 1920, to inspect the operations of the Bank at any time, and would limit his right of inspection to the accounts of the Bank with the Government. The Department cannot agree to this limitation of the Financial Adviser's powers, and it is rather surprised that such a limitation should be proposed in view of the entire willingness of the Bank, as expressed by you in conferences with members of the Department, to have the Financial Adviser inspect all of the operations of the Bank at any time.

6. You suggest that the following provision be incorporated in the Contract of Concession in lieu of the original Article III of the Contract:—

“The Bank shall be organized as a Haitian corporation in conformity with the Haitian Laws regulating such corporations and shall be exempt from all incorporation and registration fees. Its domicile shall be at Port-au-Prince where the annual shareholders’ meeting for the election of Directors shall be held, and where the archives (records) shall be kept. The Directors’ meeting may be held at Port-au-Prince or New York, according to the convenience of a majority of the Board. Copies of the minutes of the Board of Directors shall be kept in the Bank at Port-au-Prince. The Bank, upon agreement with the Government, shall have the right to establish branches and agencies wherever it shall be considered advisable for the needs of the business”.

The Department perceives no objection to this modification.

7. You suggest that the phrase “within the limitations mentioned in Article 15 which follows:” be eliminated from Article 14 of the Contract of Concession.

The necessity for this change is not apparent, as the Department does not understand that Article 15 of the original concession will be abrogated either by the agreement between the Bank and the Department or by the recent agreement between the Haitian Government and the Bank.

8. To add to Article 18 of the original Contract of Concession the following paragraph—

“The Bank shall hold in its vaults in legal tender money, gourdes or dollars, a reserve of twenty per cent (20%) of its governmental, bank, individual, and commercial net demand deposits and five (5%) of its time and savings deposits. The Bank may loan the remainder of its deposits as described above in the ordinary course of its business under rules prescribed by its Board of Directors”.

The Department feels that it cannot sanction in principle a provision authorizing the maintenance of what would appear to be an insufficient reserve against deposits, unless there are special considerations which have not yet been brought to its attention and which would make the maintenance of the reserve proposed a sufficient safeguard for the bank’s depositors. The Department is aware that there is no provision in the concession at the present time which requires the maintenance of any reserve. It agrees with you that a provision of this nature should, if possible, be incorporated in the Contract of Concession, but it does not feel that it could consistently approve of the amount of the reserve as suggested by you. It submits that a reserve of 35% or 40% against Governmental and de-

mand deposits would appear to be more consistent with sound banking practice in a country like Haiti. A further expression of your views in this matter would, however, be appreciated.

In concluding, the Department desires to make it clear that it does not wish to be placed in the position of bargaining with you in regard to minor points in a bank concession which is to be granted by the Haitian Government. It feels, however, as you were informed in the Department's letter of April 6, that the principles established by the Agreement of February 3, 1920, between the National City Bank and the Department should be maintained, and it is unwilling to admit any essential modification of these principles. It is therefore unable to agree to those proposals in your letter of April 12, which would deprive the Haitian Government of benefits secured to it by the Agreement under which the Department gave its consent to the purchase of the National Bank of Haiti by the National City Bank of New York.

I am [etc.]

For the Secretary of State:

LELAND HARRISON,
Assistant Secretary

888.516/182

The Secretary of State to the High Commissioner in Haiti (Russell)

No. 8

WASHINGTON, May 12, 1922.

SIR: With reference to the Legation's despatch of February 20, 1922,⁷⁰ transmitting a copy of an agreement between the Minister of Finance of Haiti and Mr. Gregory, of the National City Bank, regarding the proposed modifications in the charter of the Bank, you are informed that this agreement has been the subject of discussion between the Department and officials of the National City Bank and that certain changes in the agreement have been suggested by the Department and accepted by the Bank.

The changes thus agreed upon were desired by the Department in order to make the new provisions of the bank charter consistent with certain provisions agreed upon, in the interest of Haiti, by the Department, the Financial Adviser of Haiti, and the National City Bank, at a conference held in February 1920. The principal modifications which the Department deems advisable in the agreement concluded at Port-au-Prince were as follows:

1. That the Bank should hold an adequate reserve against deposits. This provision is one which appears in the banking laws of all civilized

⁷⁰ Not printed.

countries and it is especially necessary to safeguard the interests of depositors in any bank.

2. A revision of that portion of the concession relating to the issue of new fractional currency. This Government is deeply interested in maintaining the currency system of Haiti upon a sound basis. After careful study by officials of the Department and after obtaining the opinion of high financial authorities, the Department felt that the proposed issue of bonds for the stabilization of the nickel currency was not calculated to produce the results desired and that the stabilization of the fractional currency should be sought rather by providing an adequate reserve fund in cash.

3. A provision that the National Bank should allow interest to the Government upon its deposits under certain conditions. It is unnecessary to comment upon the value of this provision to the Haitian Government.

4. A provision giving the Government of Haiti the preferential right to purchase the stock of the National Bank in the event that the present owners should desire to sell it. This provision also is obviously in the best interest of the Haitian Government.

Several other changes of a minor nature have been suggested by the Bank or by the Department, with the hope of making the concession more workable.

For your information, there is transmitted herewith a copy of the proposed agreement in its new form,⁸⁰ containing the modifications approved by the Department. The Department understands that Mr. W. F. Voorhies, Assistant Vice-President of the National City Bank, will leave for Haiti in the near future, with a view to discussing the proposed modifications of the agreement with the Haitian Government. You are authorized to extend to Mr. Voorhies every proper assistance in obtaining the ratification of the agreement in its present form, and you may inform the Haitian Government that the Government of the United States earnestly hopes that this matter, which has been the subject of prolonged negotiations, will be promptly concluded. You may further state, if it proves necessary, that this Government regards the changes made in the agreement signed at Port-au-Prince on February 20, last, as essential for the protection of the interests of the Haitian Government.

You will note certain pencil changes in the English text of the proposed agreement as submitted by the Bank to the Department. There are apparently typographical errors in this text which do not appear in the French text. It is the understanding of the Department, however, that the French text will be submitted to the Haitian Government and that the English version is to be regarded merely as a translation.

CHARLES E. HUGHES

⁸⁰ Not printed.

838.516/197 : Telegram

The High Commissioner in Haiti (Russell) to the Secretary of State

PORT AU PRINCE, June 10, 1922—2 p. m.

[Received June 12—9:25 a. m.]

66. Department's 39 May 12, 2 p. m.⁸¹ President, Haiti, today informed me that regarding bank-transfer contract, he desired to eliminate [*sic*] the Government from clause establishing reserve against deposits. He indicated that his Government demanded that 100 per cent of Government deposits be maintained by bank.

President also stated that the Haitian Government must have right in accord with Financial Adviser to verify accounts of bank. Also eliminated word "expert" from phrase "expert accountants". At my request President added "or Receiver General" to clause relating to verifications of bank. Contract has been rephrased and improved in language and articles placed in logical sequence making more concise and clear.

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My opinion that changes made by Haitian Government should be accepted.

RUSSELL

838.516/197 : Telegram

The Secretary of State to the Chargé in Haiti (Dunn)

WASHINGTON, June 14, 1922—4 p. m.

52. For General Russell. Your June 10, 2 p. m.

Department has no objection to changes in bank transfer contract outlined by you. It is believed, however, that the bank will object to maintaining a 100 per cent reserve against Government deposits, and the Department feels that this contention of the Haitian Government is unreasonable. You may, therefore, if Mr. Voorhies desires you to do so, use your good offices to have this proposed amendment of the contract modified.⁸²

HUGHES

⁸¹ Not printed; see instruction no. 8 of May 12, *supra*.

⁸² The contract of July 18, 1922, for the transfer of the Banque Nationale de la République d'Haiti to the National City Co. and the law of sanction (passed by the Council of State July 31, and approved by the President of Haiti Aug. 7, 1922) appear in *Le Moniteur*, Aug. 19, 1922. The constitutive act and the regulations of the new Banque Nationale are printed in *Le Moniteur*, Aug. 26, 1922.

INSTITUTION OF THE CLAIMS COMMISSION IN HAITI²²

488.00/138a

The Secretary of State to the High Commissioner in Haiti (Russell)

No. 5

WASHINGTON, April 13, 1922.

SIR: You are informed that an understanding between the Department and the French Embassy regarding the treatment of French claims by the proposed Claims Commissions in Haiti was arrived at by a memorandum of the Department dated October 29, 1920, and notes from the French Embassy dated December 14 and 26, 1920.²³ In the Memorandum of October 29, the Department made the following suggestions:—

“That the Claims Commission established by virtue of the Protocol between the United States and Haiti of October 3, 1919,²⁴ be composed as provided in that Protocol, of one member to be nominated by the Minister of Finance of Haiti, one member to be nominated by the Secretary of State of the United States, and the third member, during the period in which the claims of French citizens are being considered, to be designated by the French Government and nominated by the Financial Adviser to the Haitian Government, and all three members so nominated to be appointed by the Government of Haiti;

“That the French Government signify its willingness to have all French claims, whether already passed upon by other commissions or not, reviewed by the Claims Commission constituted as above indicated and that this Commission may make such final awards as may seem to that Commission just and equitable;

“That if after examination the French Government considers that any claim has not received satisfactory settlement, the French Government will retain the right to present such claims through the diplomatic channel, or to have such claims finally passed upon by an arbitral tribunal composed as provided in the Protocol signed September 10, 1913, between the French Government and the Government of Haiti.”

To this Memorandum, the French Embassy replied on December 14, that the French Government was disposed to accept the procedure suggested by the Department of State, except as regarded claims which had already been adjudicated, and upon the condition that the procedure should be defined through an exchange of notes regarding

1. The absolute right of the French Government to refer to an arbitral tribunal instituted in accordance with the Franco-Haitian Protocol of 1913, all claims the settlement of which by the Claims Commission should not be deemed satisfactory;

²² Continued from *Foreign Relations*, 1921, vol. II, pp. 224-233.

²³ *Ibid.*, 1920, vol. II, pp. 830, 833, and 835, respectively.

²⁴ *Ibid.*, 1919, vol. II, p. 347.

2. The extreme limit of time within which the Haitian Government should appoint its arbitrator for the organization of the said tribunal;
3. The mode and term of payment of claims settled by the arbitral tribunal.

As regards claims already adjudicated, the French Government indicated that it was unwilling to submit these claims to the Claims Commission. Such claims fall into three classes:

1. Claims settled by the arbitral tribunal organized under the Franco-Haitian Protocol of 1913, as follows:

- (a) Lassalle claim, allowed in the amount of \$3,000;
- (b) Barthe claim, allowed in the sum of \$1100;
- (c) Clovis claim, rejected;

2. Rouzier claim, allowed against the Commune of Cape Haitian in the sum of \$8800;

3. Glück claim, being a judgment of the Haitian Courts against the State in the sum of \$524, 55,553 francs, and 189 gourdes, the last claim to be referred to the Claims Commission, however, upon the understanding that the Commission should pass only upon the question of the execution of the judgment.

The Department of State, in a note dated January 17, 1921,⁸⁶ indicated that this Government perceived no objection to the principles involved in the French Embassy's note, nor to their definition through an exchange of notes. It suggested, however, that this exchange of notes should take place between the Government of Haiti and the Government of France.

You are instructed, therefore, to inform the Haitian Government of this Government's belief that the procedure outlined above might advantageously be agreed upon in an exchange of notes between the Government of Haiti and the French Government. This exchange of notes should be effected in the near future in order that the consideration of French claims by the Claims Commission may not be delayed.

I am [etc.]

CHARLES E. HUGHES

488.00/141

The Secretary of State to the Chargé in Haiti (Dunn)

No. 508

WASHINGTON, June 6, 1922.

SIR: The Department has received your despatch of May 4,⁸⁷ requesting instructions regarding the proposal of the Italian Minister

⁸⁶ *Foreign Relations*, 1920, vol. II, p. 836.

⁸⁷ Not printed.

at Port-au-Prince that the Government of Haiti should negotiate with the Italian Government a procedure allowing the submission of claims of Italian citizens to the Claims Commission to be constituted under the Protocol.

On March 11, 1922, the Department informed the Italian Ambassador at Washington⁸⁸ that the Financial Adviser to Haiti had expressed his willingness to receive from the Royal Italian Embassy in Washington a list of persons who would be acceptable to the Italian Government as the third member of the proposed Claims Commission during the period when Italian claims were under consideration. You may inform the Government of Haiti to this effect. The Department believes that a proper adjustment of Italian claims might be facilitated by an understanding between the Italian Government and the Government of Haiti regarding the procedure for submitting such claims to the Claims Commission.

I am [etc.]

CHARLES E. HUGHES

438.00/151c

*The Acting Secretary of State to the High Commissioner in Haiti
(Russell)*

No. 38

WASHINGTON, September 22, 1922.

SIR: There is transmitted herewith, for your information, a copy of a note⁸⁸ which has been sent to the French Ambassador in Washington requesting that M. René Delage, who is the French nominee for appointment by the Financial Adviser as a member of the Haitian Claims Commission, should proceed to Port au Prince at his early convenience, planning to arrive there not later than October 25th next.

The Department desires, also, to inform you that the British Government has nominated Mr. W. Briscoe, C. B. E., a Barrister-at-Law and a member of the Treasury Solicitor's Office, as the British member. The British Embassy in Washington has been informed that it will not be necessary for the British member of the Commission to be present during the first few weeks of the Commission's work.

The Italian Government has nominated Mr. O. Scarpa, of Port au Prince, as the Italian member of the Commission.

The names of these nominees have been communicated by the Department to the Financial Adviser to Haiti, with the suggestion

⁸⁸ Note not printed.

that he make a formal recommendation to the President of Haiti for their appointment.

It is the desire of the Department that the Claims Commission should be constituted at the earliest practicable moment. The name of the nominee of the Secretary of State will be communicated to you as soon as possible, and the person who may be selected for this position will be asked to proceed at once to Port au Prince. The Department assumes that the Haitian member of the Commission will, in accordance with the understanding with the Haitian Government, be named within eight days after the signature of the loan contract.

I am [etc.]

WILLIAM PHILLIPS

438.00/162 : Telegram

The High Commissioner in Haiti (Russell) to the Secretary of State

PORT AU PRINCE, *October 11, 1922—3 p. m.*

[Received October 12—10 a. m.]

118. In a recent conversation with President Borno, he informed me that his Government had not entered into any written agreement with the French Government modifying arbitral-tribunal convention of 1913.

He further stated that it was his intention to resent the modification of that agreement as unjust and asked my advice.

From a study of the French-Haitian protocol of September 10th, 1913, and accompanying agreement it appears that only French claims occurring prior to that date can be presented and furthermore that the expenses of the Arbitral Commission must be borne equally by each Government. President Borno informs me that about 200 claims will be presented based on acts which occurred after the 10th September, 1913.

My opinion as follows:

1. That all claims antedating September 10th, 1913, must, in accordance with agreement, be submitted to the Arbitral Commission.

2. That all claims after September 10, 1913, must be submitted to the Claims Commission organized in accordance with the protocol of October 3rd, 1919.

3. That claims coming under number 2 may not be referred to Arbitral Commission.

4. That all expenses of the Arbitral Commission must be borne equally by Haitian and French Governments.

5. That if the French Government so desires and agrees to abrogate the protocol of 1913 French claims coming thereunder would be passed on by the Claims Commission appointed by the protocol of October 3rd, 1919, the French delegate being a member thereof during the decision on French claims.

In view of the Department's instruction number 5 of April 13th, 1922, the contents of which I communicated to the Haitian Government under date of May 4th, 1922, I have refrained from [attempting?] to advise along lines indicated in my opinion as a basis for agreement. An early reply requested.

RUSSELL

438.00/162 : Telegram

The Secretary of State to the Chargé in Haiti (Dunn)

WASHINGTON, October 16, 1922—5 p. m.

92. For General Russell.

Your October 11, 3 P. M. and October 13, 2 P. M.⁹¹ Department does not understand Haitian Government's objection to exchange of notes with French Government as outlined in Department's instruction No. 5 of April 13, 1922. Haitian Government agreed under the protocol to submission of all outstanding claims to Claims Commission and Department has obtained consent of French Government to this arrangement under conditions outlined in above mentioned instruction to you. Department understands that proposed exchange of notes would cover simply (1) right of French Government to refer to tribunal instituted under 1913 protocol claims whose settlement by Claims Commission was not deemed satisfactory; (2) extreme limit of time for designation of Haitian arbitrator on said tribunal; (3) mode and term of payment of tribunal's awards. Exchange of notes might also specify, if desired, that all claims, including those arising before 1913, should be submitted to Claims Commission, with exception of certain liquidated claims as specified in Department's instruction No. 5 to you.

Department believes it essential that all claims except those which have specifically been recognized as already liquidated should come before the Commission established under protocol, in order to assure similar treatment to all claimants, and to bring about prompt adjustment of the floating debt on uniform basis. It deems such procedure very much more advantageous to Haiti than constitution of separate tribunal for French claims, as it assumes that claimants will accept awards of Commission instituted under protocol by reason of the fact that bonds of series "B" and part of the proceeds of loan will be available for immediate payment. Department desires you, therefore, to urge upon the Haitian Government immediate exchange of notes with French Legation covering points outlined above, and to use your good offices to bring about agreement.

HUGHES

⁹¹ Latter not printed.

438.00/167 : Telegram

The High Commissioner in Haiti (Russell) to the Secretary of State

PORT AU PRINCE, October 19, 1922—2 p. m.

[Received October 23—10:30 a. m.]⁹²

127. President Borno has informed me that he intends Abel N. Léger as Haitian member of Claims Commission. Mr. Léger is son of former Haitian Minister to the United States and a lawyer of prominence . . .

RUSSELL

438.00/168 : Telegram

The High Commissioner in Haiti (Russell) to the Secretary of State

PORT AU PRINCE, October 20, 1922—3 p. m.

[Received October 21—11 a. m.]

129. Department's 92, October 16, 5 p. m. After a conference with President Borno and later with the French Minister and study of the French note to the Haitian Government, this morning I suggested to President Borno the following agreement:

1st. Give to the Haitian Government as well as French Government right to appeal to Arbitral Tribunal in French claims;

2nd. Extension of time limit for the designation of the Haitian arbitrator,

3rd. Mode and terms of payment of Tribunal's award;

4th. Submission of all French claims including those arising prior to 1913 to the Claims Commission with the exception of those contained in the Department's instruction number 5;

5th. The expenses of the Arbitral Tribunal to be met as specified in the protocol of 1913 and accompanying agreement;

6th. The French Government and not French claimants to be given the right of appeal to the Arbitral Tribunal.

President Borno immediately stated that the right of appeal should be only for those French claims originating prior to 1913 and that he would have to insert such a clause.

He then stated that he would [oppose?] referring all French claims only to the Arbitral Tribunal as it diminishes the authority of Claims Commission to permit appeal and establishes a privilege for French claimants especially those having claims originating after 1913 legislation. My opinion is that if urged President Borno will agree to the above-suggested basis as modified by him but he feels quite strongly that the just and equitable method would be to abide

⁹² Text printed from corrected copy received Oct. 24, 1922.

by 1913 protocol for all claims originating before that date and submit all others to the Claims Commission.

RUSSELL

488.00/172 : Telegram

The High Commissioner in Haiti (Russell) to the Secretary of State

PORT AU PRINCE, October 28, 1922—noon.

[Received October 30—9:40 a. m.]

132. Department's 99, October 26, 5 p. m.⁸⁸ Yesterday I had a conference with President Borno on the exchange of notes. He stated that he was strongly opposed to right of appeal to Arbitral Commission first because it would diminish the authenticity [*authority*?] of Claims Commission and second that appeal if made and decision rendered reversing Claims Commission it would subject all decisions of said Commission to suspicion. He desired to appeal through Monsieur Dejean ⁸⁹ to the Department of State informing the Department that he could not consent to right of appeal to Arbitral Commission. After an earnest conference, however, he informed me that he would direct Monsieur Ethéart the Acting Minister of Foreign Affairs to address a note to the French Legation here agreeing to and covering the six points enumerated by me with the additional clause that the right of appeal [be] not entertained for French claims originating after September 10th, 1913.

Just prior to my conference with President Borno the French Minister called on me and discussed the situation regarding an exchange of notes. He also informed me that the Haitian Government had asked the French Government if Monsieur Bonamy would be acceptable as Haitian Minister Paris replacing Monsieur Bellegarde, that no reply had been made by his Government and that last Sunday the Minister for Foreign Affairs had met him and repeated the request asking that he telegraph his Government for an immediate repeal [*reply*]. He then stated that he had just received a reply and that he was on his way to communicate it to the Minister for Foreign Affairs. The reply was to the effect that the French Government would answer the request of the Haitian Government concerning Monsieur Bonamy when the Haitian Government had exchanged notes regarding the French claims.

RUSSELL

⁸⁸ Not printed.

⁸⁹ Léon Dejean, Haitian Secretary of State for Foreign Affairs, on special mission in the United States.

438.00/168 : Telegram

The Acting Secretary of State to the Chargé in Haiti (Dunn)

WASHINGTON, November 4, 1932—6 p. m.

103. For General Russell. Your 129, October 20, 3 p. m.

French Government has authorized Ambassador in Washington to enter into an exchange of notes with Monsieur Dejean on the basis of your six suggestions as follows:

1. As proposed by you.
2. Prolongation from 6 to 9 months from the date of the termination of the work of the Commission of the delay fixed for the designation of the Haitian arbitrator.
3. The determination of the mode and time of payment by the Commission, and, in case of appeal, by the Arbitral Tribunal, in accordance with Article 5 of the Protocol of October 3, 1919.
4. Submission to the Commission of French claims, including those presented before 1913, with the exception of the Lassalle, Barthe, Clovis, Rouzier and Gluck claims in which the Commission will limit itself to providing for the carrying out of the decisions already rendered. It is understood, as was provided in the Convention of 1913, that the claims of French protégés will be admitted on the same basis as those of French citizens; this stipulation must be inserted in the new accord.
5. The expenses of the Arbitral Tribunal to be met in accordance with the Protocol of 1913 and the accompanying agreement, it being understood that the expenses of the Commission rest entirely to the charge of the Haitian Government, in accordance with Article 9 of the Protocol of October 3, 1919.
6. Right of appeal to be given to the French Government and not to the French claimants, on condition that this right does not give rise to any subsequent litigation.

The French Government is very firm in refusing to accept the proposition made to the French Minister at Port-au-Prince making a distinction, as regards the right of appeal, between claims arising before and after 1913, and it also states that it is unable to consent to exclude from the arrangement the claims of Ottoman subjects, which was also proposed to the French Minister in Haiti. The French Government adds that Monsieur Delage will leave France upon the signature of the above agreement.

As you were informed in the Department's instruction No. 5, of April 13, last, no differentiation was made, as regards the right of appeal, in the Department's suggestions to the French Embassy on October 29, 1930, concerning the method of settling outstanding claims, between those arising prior and those arising after the signature of the French Protocol of 1913. The French Government has made some concessions in accepting the six points proposed by

you, and their offer to conclude an agreement with the Haitian Government on the basis mentioned above appears to the Department to be a most satisfactory way of settling the matter. You will please inform President Borno of the French Government's acceptance, as above stated, of your six points, and earnestly recommend that he conclude an agreement with the French Government on that basis at the earliest possible moment.

Last paragraph your 132, October 28, noon. You will also notice that French Government will not let Monsieur Delage start for Haiti until the agreement is signed. As it will take him 3 to 4 weeks to reach Port-au-Prince after leaving Paris, you may point out to President Borno the urgency of concluding the agreement as soon as possible. Monsieur Dejean told the Department that he understood that President Borno preferred to have the exchange of notes made in Port-au-Prince. It is not material whether it is made there or here. The Department's only interest in the matter is to have the agreement made as soon as possible in order that the work of the Claims Commission may not be delayed any longer. The French Ambassador is authorized, however, to make the exchange of notes, and if it will expedite the conclusion of the agreement to have Monsieur Dejean authorized to sign the agreement in Washington, it would seem advantageous to do so. Please telegraph results of your conference with President Borno.

PHILLIPS

438.00/172a : Telegram

The Secretary of State to the Chargé in Haiti (Dunn)

WASHINGTON, November 6, 1922—5 p. m.

104. For General Russell.

Has Haitian Government formally appointed members of Claims Commission? If not, urge immediate action upon nomination of Mr. Stanley⁹⁵ and upon nominations by Financial Adviser as sent to President Borno in Financial Adviser's letter of September 22.⁹⁶

Department believes President Borno should inform Financial Adviser by letter that persons referred to have been appointed to serve on Claims Commission in accordance with terms of protocol, specifying in case of European members that they are to serve only while claims of their nationals are under consideration. Financial Adviser should then formally notify appointee either direct or through Department.

⁹⁵ John S. Stanley, nominated by the Secretary of State as American member.

⁹⁶ Not printed.

Also urge immediate appointment of Haitian member. It is necessary that appointees be formally notified at once, as Mr. Stanley will sail November 15th.

HUGHES

488.00/173: Telegram

The High Commissioner in Haiti (Russell) to the Secretary of State

PORT AU PRINCE, November 8, 1922—4 p. m.

[Received November 9—10:35 a. m.]

135. Department's 103 November 4, 6 p. m. Had an interview with President Borno and carefully discussed all points mentioned in the Department's telegram. President Borno at the close of the discussion stated that he was ready to agree to all the points but that he still strongly objected to the right of appeal to Arbitral Tribunal for claims originating after 1913. He pointed out that article 8 of the Claims Commission law recently passed read as follows: "The decisions of the commission will be without appeal except anterior exchange-of-notes conventions," and furthermore that to grant the right of appeal to French claimants for claims originating after 1913 would not only violate this law but would also give a privilege to the French not accorded to the British, Italian or other claimants who would have just cause for complaint. President Borno urged me on account of possible serious consequences to again bring this matter to the attention of the Department. I understand the British Chargé d'Affaires has already spoken to French Minister concerning this matter.

Yesterday morning the French Minister called and discussed exchange of notes. It appears that he had informed the Haitian Government that the clause regarding the expenses of the Arbitral Tribunal being covered as provided in the 1913 protocol had been rejected by the French Government. I informed him that I had received [omission?] the contingent expenses. He then admitted that he had instructions to the same effect but only if the Haitian Government agreed to the other points. He then stated that the Haitian Minister of Fomento had informed him that the Haitian claims would be considered first and asked me if that was so. I informed him that I hoped it was. He replied that the Claims Commission had no right to consider Haitian claims; that it was limited in its powers to the consideration of the foreign claims. I explained to him that he had been misinformed and referred him to article 3 of the protocol of 1919. He stated that he disagreed with me and that it would put off the consideration of French claims some seven months.

The consideration of the Haitian claims first is in my opinion most important and to this the Financial Adviser suggests that the Department immediately cable General Crowder⁷⁷ asking him to select and obtain the consent of a Cuban jurist who speaks French to serve on the Claims Commission during the consideration of other than French, British and Italian claims. Financial Adviser would immediately appoint him and he could be brought at once to Port au Prince. I strongly approve this suggestion and if Cuban not available suggest Dominican on Mr. Welles'⁷⁸ recommendation. Either I am sure would be acceptable to the Haitian Government.

Referring to the Department's 104 November 6, 5 p. m. Members of Claims Commission not yet formally [appointed]. President Borno a few days ago informed me that he was only waiting for the nomination by the Financial Adviser of the member to serve during consideration of the Haitian claims. *Arrêté* will then be issued covering all appointments. I shall see President Borno and urge immediate appointment of nominations already received. Will cable result.

RUSSELL

438.00/185

The High Commissioner in Haiti (Russell) to the Secretary of State

No. 80

PORT AU PRINCE, November 9, 1922.

[Received November 25.]

SIR: I have the honor to transmit herewith a copy of the *Moniteur* containing the law on the organization of the Claims Commission, and I also attach a translation thereof.

I have [etc.]

JOHN H. RUSSELL

[Enclosure—Translation **]

Haitian Law of October 30, 1922, Establishing a Claims Commission

LOUIS BORNO, President of the Republic,

In consideration of article 55 of the Constitution;¹

In consideration of the treaty of September 16, 1915, concluded between the Republic of Haiti and the United States of America;²

In consideration of the law of June 26, 1922,³ sanctioning the protocol of October 3, 1919;

⁷⁷ Maj. Gen. Enoch H. Crowder, representative on special mission in Cuba.

⁷⁸ Sumner Welles, Commissioner in the Dominican Republic.

^{**} File translation revised.

¹ *Foreign Relations*, 1918, p. 487.

² *Ibid.*, 1916, p. 328.

³ *Ante*, p. 500.

In consideration of the necessity to provide for the payment of the salaries and expenses of the members of the Claims Commission and of the personnel which shall be attached to it, and also of the necessity to confer on the said Commission all the powers required to liquidate and settle satisfactorily the pecuniary claims of societies, companies, citizens, or subjects of Haiti or of foreign countries, now held against the State;

On the report of the Secretary of State for Finance and Commerce,

And on the advice of the Council of Secretaries of State,

HAS PROPOSED,

And the Council of State has voted, the following law:

ARTICLE I. Each member of the Commission provided for in article 2 of the protocol of October 3, 1919, shall take the following oath before the Court of Cassation:

"I swear and promise to exercise all the powers vested in me as a member of the Claims Commission without passion and with all impartiality, and not to divulge or reveal any decision of the said Commission before it has been made public by competent authority."

ARTICLE II. The secretary and the other members of the personnel, who shall be nominated by the President of the Republic, shall take the following oath before the President of the Commission:

"I swear that I will keep a true record of the claims presented to the Commission and of the proofs furnished to uphold said claims, and that I will not divulge any decision of the Commission nor any vote or personal opinion of any member."

ARTICLE III. The Commission shall be presided over by the member designated by it.

ARTICLE IV. To the Commission are delegated all the necessary powers to gather all testimony, to open all inquests, and to proceed with all investigations capable of enlightening it upon the grounds and the validity of the claims and the fixing of their total amount.

ARTICLE V. Any person who, without valid reason, fails to appear before the Commission when called upon by it to do so, shall, at the denunciation of the President and on the request of the Ministère Public, be condemned by the Correctional Tribunal to a fine varying from \$5 to \$2,000, according to the circumstances of the case. Any person who is found guilty of false testimony shall be turned over to the tribunal competent to judge such person in accordance with the law.

Such cases as are hereinabove provided for shall be judged at once, whether out of turn or not and without right of appeal or cassation, all business being meanwhile suspended.

ARTICLE VI. The secretary shall have the custody of the records of the Commission and shall keep the *procès verbaux* of all the meetings, duly signed by him and by the members.

ARTICLE VII. The Commission shall be empowered to communicate directly with all individuals, all functionaries of the Government, and with the Banque Nationale de la République d'Haiti insofar as it is custodian of funds of the Republic; and it is made obligatory upon all functionaries and employees of the Government to aid and assist the Commission whenever required.

ARTICLE VIII. The decisions of the Commission shall be without right of appeal, except under anterior diplomatic conventions.

ARTICLE IX. An extraordinary credit of fifty thousand dollars American gold (\$50,000) is opened at the Department of Finance to pay the members of the Commission and the personnel attached to it, and to defray all the expenses of the said Commission. This sum shall be drawn from available funds in the receipts of the Treasury.

ARTICLE X. When the Commission is dissolved, the secretary shall turn over to the Government all papers and records to be catalogued in the office of the General Archives of the Republic.

ARTICLE XI. The present law abrogates all laws or provisions of law contrary to it, and it shall be executed under the diligence of the Secretary of State for Finance and Commerce.

Given at the Legislative Palace, Port au Prince, October 30, 1922, the 119th year of independence.

The President,
J. M. GRANDOIT

The Secretaries,
DELABARRE PIERRE-LOUIS
CHARLES FOMBRUN

438.00/175 : Telegram

The High Commissioner in Haiti (Russell) to the Secretary of State

PORT AU PRINCE, November 10, 1922—10 a. m.

[Received November 11—9:40 a. m.]

137. Department's 104, November 6, 5 p. m. The Haitian Government has officially informed me of the appointment of Mr. Stanley as a member of Claims Commission and of appointments of Messrs.

Delage, Briscoe, and Scarpa to serve as third member during the period when the claims of their nationals are under consideration.

Monsieur Abel N. Léger has been appointed Haitian member of Claims Commission.

When the name of the other member is submitted by the Financial Adviser President Borno will issue a decree convoking the Commission.

RUSSELL

438.00/217

Memorandum by the Under Secretary of State (Phillips) of a Conversation with the Counselor of the French Embassy (De Chambrun)

[WASHINGTON,] November 11, 1922.

Count de Chambrun of the French Embassy called this afternoon and asked for the Department's help in persuading the President of Haiti to retract [*retreat?*] from his present position and to consent to the exchange of notes which had already been arranged to take place between the French Ambassador and the Minister of Foreign affairs in Washington. The last despatch from Haiti which the French Government has received indicated that President Borno has decided to upset the whole scheme.

I told Count de Chambrun that we had received a telegram yesterday from General Russell ⁴ showing that he was in touch with the situation and was doing his utmost to persuade President Borno not to upset the plan. I said also that we were sending today ⁵ a telegram to General Russell approving of his course in this respect, and expressing the hope that President Borno would consent to the exchange of notes in Washington.

W[ILLIAM] P[HILLIPS]

438.00/173 : Telegram

The Secretary of State to the Chargé in Haiti (Dunn)

WASHINGTON, November 14, 1922—3 p. m.

108. For General Russell.

Your November 8, 4 p. m. Department has given careful consideration to question mentioned in your first paragraph. It feels that there is much force in President Borno's argument, but it has found

⁴ No. 185, Nov. 8, p. 544; apparently this telegram was received in Mr. Phillips' office Nov. 10.

⁵ Sent the 14th; see telegram *infra*.

the French Government very firm in its insistence upon the right of appeal in all awards by the Claims Commission. In view of importance that French Government should approve submission of French claims to Commission, Department considers it advisable to meet French demands on this point.

You may point out to President Borno that recognition of right of appeal does not necessarily give French claimants unfair advantage. Presumably other foreign governments will, if they see fit, press diplomatically claims of their nationals which have been rejected by the Commission. It is hoped that there will be few, if any, cases where foreign governments feel it necessary to do this, but if such cases occur it is perhaps better that there should be a final decision by a joint arbitral tribunal rather than a protracted diplomatic discussion.

Department is telegraphing General Crowder to ask him to suggest Cuban jurist, as you request. Please do not inform Haitian Government or French Legation on this step until exchange of notes is completed.

HUGHES

438.00/180 : Telegram

The High Commissioner in Haiti (Russell) to the Secretary of State

PORT AU PRINCE, November 16, 1922—9 a. m.

[Received November 17—2:30 p. m.]

140. Department's 108 November 14, 3 p. m. I presented Department's views to President Borno and urged him to accomplish an exchange of notes. President Borno immediately objected to Department's views stating, first, that when British and other governments except French agreed to submit claims to Claims Commission and to nominate their own delegate for said Commission they did so without reservation and thereby accepted the protocol of 1919; second, that to permit foreign governments to have the right of appeal even through diplomatic channels and not allow Haitians an appeal would be most unfair to the Haitians (the Claims Commission law prohibits an appeal to the courts); third, that to permit Haitians to appeal to the courts would prolong the final settlement of claims indefinitely. The President then stated that if the British, Italian and German Governments would agree not to appeal from the decisions of the Claims Commission he would then be willing to accept the French position but that already a member of the British Legation had informed him that if the French were allowed to appeal from the decisions of the Claims Commission the British would of course request the same right. He then stated that rather than submit to such conditions he would prefer to have all French claims referred

to the Arbitral Tribunal. The decisions of such tribunal could, he said, be rendered in less than a year.

I pointed out to President Borno the necessity for all claims being considered by the Claims Commission and the advantage to be derived by such action. He was very insistent and stated that it was impossible to give to foreigners what he could not give to Haitians. He declared he could not believe that French Government was aware of the real situation. He believed that the French Minister here was the cause of the insistence of the French Government and that the French Government had not been fully informed. He asked me to request the Department of State to inform the French Government of the true situation and to point out to it the impossibility of the Haitian Government[']s giving to foreigners a right of appeal that it could not give to its own people.⁶

RUSSELL

438.00/179 : Telegram

The High Commissioner in Haiti (Russell) to the Secretary of State

PORT AU PRINCE, November 16, 1922—4 p. m.

[Received November 17—2:30 p. m.]

141. The French Minister to Haiti in a note to the Haitian Government brings up among other points the following: 1. that the delay of 6 months mentioned in article 4 of the protocol of 1919 be reduced as much as possible in order to permit early hearing of French claims; 2, that Claims Commission has no authority to hear and pass judgment on Haitian claims. He states that inasmuch as [by] protocol Claims Commission is not empowered to act on Haitian claims except to review the findings of the Commission appointed by the decree of November 4th, 1916,⁷ as mentioned in article 3 of the protocol, the delay of 6 months aforementioned should be reduced.

French Minister has transmitted to me copy of his note. He has asked for my assistance with the Department in obtaining an acceptance of his conditions but as the above points are diametrically opposed to my views and I believe to the Department's I have merely acknowledged the receipt of his communication and informed him I would [report?] the same to my Government. French Minister has not yet informed the Haitian Government that the expenses of the Arbitral Tribunal will be borne equally by the French and Haitian Governments but still disputes the question. I

⁶No formal official action appears to have been taken on the last sentence of this telegram.

⁷The Féquière Commission.

will urge President Borno to transfer negotiations on this exchange of notes to Washington.

Copy of the French note will be forwarded by mail leaving here about the 23rd.⁸

RUSSELL

438.00/181 : Telegram

The Secretary of State to the Chargé in Haiti (Dunn)

WASHINGTON, November 23, 1922—5 p. m.

114. For General Russell:

Department has arranged with German Government for appointment of German as third member of Claims Commission while German claims are under consideration. German Embassy has nominated Edmund Helmcke, Chargé d'Affaires in Port au Prince. Please report by telegraph whether this nomination is acceptable to yourself and Financial Adviser.

HUGHES

438.00/184 : Telegram

The High Commissioner in Haiti (Russell) to the Secretary of State

PORT AU PRINCE, November 25, 1922—noon.

[Received 9:40 p. m.]

146. Department's 114 November 23, 5 p. m. Mr. Edmund Helmcke is a member of firm presenting a claim. Mr. Helmcke is acceptable to the Financial Adviser and myself for the consideration of the other German claims.⁹

RUSSELL

438.00/188 : Telegram

The Secretary of State to the Chargé in Haiti (Dunn)

WASHINGTON, December 5, 1922—2 p. m.

119. For General Russell.

The following telegram from General Crowder regarding a jurist available for appointment on Claims Commission is quoted for your information:

"Recommend Hector Saavedra, who speaks English well, and Spanish, French and Italian fluently, and who has served as fiscal

⁸Note not printed.

⁹An exchange of notes between the Department and the German Embassy arranged for the settlement of the claims of Mr. Helmcke's firm by the commissioners who were to settle the claims of Haitians and Americans.

in the Audiencia of Havana and possesses, I am satisfied, all qualifications including reputation for probity mentioned in your telegram. He would be greatly inconvenienced if he could have early information as to appointment or when decision may be expected."

HUGHES

488.00/192 : Telegram

The High Commissioner in Haiti (Russell) to the Secretary of State

PORT AU PRINCE, December 9, 1922—1 p. m.

[Received December 11—9:20 a. m.]

158. Department's 114 November 23, 5 p. m. President Borno has today informed me that the consideration of German claims would be limited to those already allowed by Haitian courts and accepted by Haitian Government and then only to method of payment inasmuch as Haiti is a signatory to Versailles Treaty which eliminates all other German claims.

RUSSELL

488.00/197 : Telegram

The High Commissioner in Haiti (Russell) to the Secretary of State

PORT AU PRINCE, December 14, 1922—noon.

[Received December 16—11:25 a. m.]

160. Department's 125, December 13th, 6 p. m.¹⁰ President Borno has issued *arrêté* under date December 11th, organizing Claims Commission composed of Léger, Stanley, and Saavedra for the verification and liquidation of the floating debt and all pecuniary claims against Haiti. The third member Mr. Saavedra to be replaced by French, British and Italian delegates whose names appear in *arrêté*.¹¹

RUSSELL

488.00/193

The Secretary of State to the High Commissioner in Haiti (Russell)

No. 59

WASHINGTON, December 15, 1922.

SIR: For your information, and for communication to the members of the Claims Commission, there is transmitted herewith a copy of

¹⁰ Not printed.

¹¹ René Delage, W. Briscoe, and Oscar Scarpa, respectively.

a note received from the British Embassy in Washington regarding the acceptance of Haitian bonds in payment of British claims.

I am [etc.]

For the Secretary of State:

WILLIAM PHILLIPS

[Enclosure]

The British Ambassador (Geddes) to the Secretary of State

No. 923

WASHINGTON, December 8, 1922.

SIR: With reference to previous correspondence regarding the establishment of an Arbitral Commission for the settlement of outstanding claims against the Haytian Government, I have the honour, on instructions from my Government, to invite your attention to Article 5 of the Protocol between the United States and Hayti on this question.

This Article states that "the Claims Commission shall determine the proportion of each award which is to be paid in cash and the proportion to be paid in bonds of Hayti . . .".¹²

I have the honour to inform you that His Majesty's Government are not prepared necessarily to accept whatever awards may be made as constituting a satisfactory and final settlement of the claims in question, if the proportion of these awards payable in Haytian bonds is calculated on the face value of these latter, and is in itself sufficiently large to reduce materially the net value of the awards.

His Majesty's Chargé d'Affaires at Port-au-Prince has been instructed to make a similar communication to the Haytian Government.

I have [etc.]

A. C. GEDDES

RELUCTANCE OF THE DEPARTMENT OF STATE TO SANCTION THE EXERCISE OF JURISDICTION BY THE PROVOST COURTS IN CASES AFFECTING HAITIANS

838.00/1897

The High Commissioner in Haiti (Russell) to the Secretary of State

No. 48

PORT AU PRINCE, August 5, 1922.

[Received August 17.]

SIR: I have the honor to report that during the past two months the political situation in Haiti has been greatly aggravated by the attacks made on the President of Haiti by members of the old administration and other members of the existing Government. These

¹² Omission indicated in the Ambassador's note.

attacks have been directed against development work and have been made through the newspapers, speeches and propaganda. . . .

Unquestionably a bitter feeling has been developed among a certain number of people at Port au Prince and some of the coast towns against President Borno and his official family. The result of this has been the receipt of many anonymous letters by President Borno, members of his Cabinet and members of the Council of State, all threatening their lives. I have received anonymous letters threatening the life of Mr. Borno. At first little or no attention was paid to such letters other than to try and determine by whom they were sent but as time passed well defined rumours of a plot against the life of President Borno have developed.

The attempted shooting of the Mayor of Port-au-Prince, who was unearthing evidences of graft covering a period of many years, together with the strong probability that the man who fired the shot at the Mayor and killed the man standing next to him will probably get off with a light sentence, caused great uneasiness among the Government officials. The probable murder of Mr. Clément Denizé a few days after the attempt on the life of the Mayor, increased this uneasiness. Mr. Denizé was to testify on the following morning before the Judge of Instruction in the communal graft affair now being investigated.

A month or so ago I received a letter from the President of Haiti (copy and translation enclosed)¹³ regarding the situation, but on talking the matter over with him at that time we decided that the Haitian courts and the new Commissaire du Gouvernement of Port-au-Prince would be able to handle the situation. On August 2nd I received a letter from the President of Haiti (copy and translation enclosed)¹³ drawing my attention to the seriousness of the political situation and requesting action on my part. After careful thought I decided to issue a proclamation, a copy of which is attached hereto. It is hoped that the mere issuance of this proclamation will be sufficient to clear up the situation but if such is not the case I feel certain that one or two examples will do so.

I have [etc.]

JOHN H. RUSSELL

[Enclosure]

*Proclamation, August 4, 1922, by the High Commissioner in Haiti
(Russell)*

TO ALL INHABITANTS:

It has been brought to my notice that a very active campaign has been inaugurated by certain persons directed against the officials

¹³ Not printed.

of the Haitian Government and the development work being undertaken by said Government.

Such agitation is a menace to the condition of law and order that now prevails, tends to undermine the authority of the officials of the Haitian Government, and looks to the destruction of the constitutional government, leading to anarchy with the possible consequent destruction of property and life and prolonged misery for the Haitian People.

The United States Forces in Haiti are engaged in aiding and supporting the constitutional government of Haiti and are required by treaty obligations to maintain the tranquility of the Republic.

Your attention is therefore directed to the proclamation of May 26, 1921¹⁴ and especially to that portion of it which refers to propaganda of an incendiary nature attacking the President of Haiti and officials of the Haitian Government.

JOHN H. RUSSELL

838.00/1897

The Acting Secretary of State to the High Commissioner in Haiti (Russell)

No. 26

WASHINGTON, August 28, 1922.

SIR: The Department has received your despatch of August 1, 1922, discussing the political situation in Haiti and transmitting copy of a proclamation issued by you to the Haitian people.

Your action in this matter is approved, but the Department would prefer that it be consulted in the future before any proclamation of general political importance are issued.

I am [etc.]

WILLIAM PHILLIPS

838.00/1904

The High Commissioner in Haiti (Russell) to the Acting Secretary of State

No. 60

PORT AU PRINCE, September 6, 1922.

[Received September 19.]

SIR: I have the honor to acknowledge the receipt of the Department's No. 67, of August 29th, 3 p. m.¹⁵

The trials of the three provost court cases mentioned therein were completed before the receipt of the Department's telegram. In accordance, however, with the Department's views, as expressed

¹⁴ *Post*, p. 558.

¹⁵ Not printed.

in the cable, although in each case the finding was "guilty" of violation of the lawful proclamation of May 26, 1921, and at the request of the President of Haiti, the sentences were remitted and the men at once released. A full report of the circumstances leading up to the trial of these men was made in my despatch No. 57 of August 28, 1922.¹⁶

Regarding the employment of provost courts in the past and my views on the necessity for such courts, I have to submit, in accordance with the Department's instructions, the following remarks:

Martial law in Haiti, with its attendant military tribunals, was proclaimed in September, 1915.¹⁷ During the two years following it was freely employed and resulted in many trials and convictions by provost courts and a few military commissions. From 1917 until 1919 there was but little necessity for the exercise of its powers and consequently there were comparatively few trials. During the years 1919 and 1920 from five to six thousand bandits were operating in the interior of Haiti while in the large coast cities certain groups were formed to assist the bandits. As a result the use of provost courts greatly increased. With the end of banditism and the re-establishment of law and order in the country provost courts were used most sparingly and solely as a means of maintaining tranquillity. The mere fact that such court could be employed had, as a rule, the necessary effect. The power was there but lying mostly dormant, to be employed only on special occasions.

Prior to May 26, 1921, the mushroom papers that sprang up overnight were daily publishing personal and false attacks against officers and men of the United States Forces on duty in Haiti, Treaty Officials and members of the Haitian Government. The attacks of these irresponsible papers and the speeches made by their directors soon became such a menace to the continued tranquillity of the country, as well as to the future development and progress of Haiti, that it became imperative to take prompt and drastic action. The authority for such action was received on May 25, 1921, by the Brigade Commander, First Brigade, U. S. Marines, in the following telegram from the Secretary of the Navy:

"The proclamation of martial law as proclaimed on Sept. 3, 1915, and ratified by Haitian Constitution¹⁸ reserved from the jurisdiction of civil courts of Haiti those things which affect the military operations or the authority of the Government of the United States

¹⁶ Not printed.

¹⁷ Proclamation of Sept. 3, 1915, by Admiral Caperton, commanding the United States Forces in Haiti and Haitian Waters, *Foreign Relations*, 1915, p. 484.

¹⁸ Special article following title VII of the Constitution of June 12, 1918, *Ibid.*, 1918, p. 502.

of America. Agitation against United States officials who are aiding and supporting constitutional government tends to undermine their authority and coupled with political agitation looks to destruction of the constitutional government, will lead to revolution and anarchy with consequent destruction of property and life and prolonged misery for Haitian people. Not only in self-defense of American forces but in self-defense of Haitian Government and therefore such measures must be taken as will suppress such agitation and prevent return of violent disorder. From the information before you, you will determine what action under martial law the crisis demands and act accordingly, keeping in mind the idea of acting only in self-defense of your command and Haitian Government and employing processes of martial law only where your conservative judgment admits the situation demands it. Cease exercise and then restrict penalties to serving the purposes of preventing rather than punishment. In respect to those who attack the Haitian President and Government direct rather than through the American forces it would be advisable to have the Haitian President request you or direct the Chief of Gendarmerie to proceed against them through the agency of martial law which is maintained for and in behalf of the constitutional government of Haiti. You would thereby have on record a statement of what the Haitian State construes the crisis demands in the way of prevention in order to preclude the engineering of domestic disorder and attempting to overthrow the constitutional government by violence. In cases of trial before Military Commission or Provost Court the charges should cite the offense against the military forces, the violation of a lawful regulation adopted to make martial law effective. Should there be insufficient regulations to cover the existing situation such should be promulgated. In the absence of approximate regulations on which to base a trial, those whom from the information before you, you have reasonable grounds to believe are concerned in unlawful opposition and the encouragement of domestic violence may be arrested and held in confinement until the exigency has passed, and the constituted authorities are able to execute the laws."

On May 26, 1921, a proclamation covering this telegram was issued by the Brigade Commander (copy attached). One or two offenders against this proclamation were tried by provost court, found "guilty," sentenced and served their sentences. The proclamation had a most excellent effect and was thoroughly welcomed by all intelligent and law-abiding Haitians, whose only comment was that they thought it had been issued too late.

Immediately following the election of President Borno and his occupancy of the chair of state, his enemies, consisting mostly of those who had been affected by his election, seized upon the opportunity to plot against him and repeatedly reports were received of plots endangering the life not only of President Borno but of his Secretaries of States and even of members of the Council of State. All of them received threatening letters.

In view, more particularly, of speeches that were being made by certain Haitians tending to incite the people against the existing government and the continued reports of plots against the members of that government, it became necessary, on August 4, 1922, to issue a proclamation reminding the people of the proclamation of May 26, 1921. The issuance of this proclamation had an excellent effect and it was hoped that it would be sufficient. Unfortunately one newspaper of Port-au-Prince, the *Nouvelliste*, which had been very bitter and personal against President Borno and his administration, although warned by me in answer to an inquiry on the part of the Editor as to the meaning of my proclamation, continued its attacks. Another paper, the *Courrier Haitien*, had repeatedly denied the existing government and refused to recognize it. This was in truth anarchy on its part and incited others to anarchy. . . .

In the protection of members of the United States Forces in Haiti, Treaty Officials and members of the Haitian Government, it is my opinion that, at the present time, provost courts should be used at the discretion of the American High Commissioner, who should carefully and personally examine each case and employ such power most sparingly, in self-defense and only with a modicum of penalties, sufficient to prevent repetition.

It is my policy, as High Commissioner, to see that provost courts are used most sparingly and my orders have gradually reduced the frequency of them until now they are employed only on rare occasions.

I have [etc.]

JOHN H. RUSSELL

[Enclosure]

Proclamation of May 26, 1921, by the Commander of the United States Forces in Haiti (Russell)

TO ALL INHABITANTS:

The United States Forces in Haiti are engaged in aiding and supporting the Constitutional Government of Haiti and are your friends.

By their efforts and those of the Gendarmerie of Haiti, Peace and tranquility have been established throughout your land permitting you again to cultivate your gardens, conduct your business and earn an honest living.

The only agitation that is being carried on in all Haiti is that undertaken by a few newspapers in the large cities and by a few persons in so called political speeches.

This agitation, however, is a menace to the condition of Law and Order that has been given you and consequently it becomes necessary

to issue the following order under the Power and Authority of Martial Law.

ORDER

While the freedom of the press and of speech are practically unrestricted, articles or speeches that are of an incendiary nature or reflect adversely upon the United States Forces in Haiti, or tend to stir up an agitation against the United States Officials who are aiding and supporting the constitutional Gouvernement [*sic*] of Haiti, or articles or speeches attacking the President of Haiti or the Haitien Gouvernement are prohibited and offenders against this order will be brought to trial before a Military Tribunal.

JOHN H. RUSSELL

838.00/1894

The Secretary of State to the High Commissioner in Haiti (Russell)

No. 40

WASHINGTON, October 4, 1922.

SIR: The Department has received and carefully considered your despatch of September 6, 1922, discussing the use of provost courts by the American occupation in Haiti.

It is fully recognized that provost courts must be used where their employment is necessary to protect the members of the American forces of occupation or the American treaty officials from personal violence or from newspaper attacks of a character which would entitle them to redress under the laws of any civilized country. The Department, however, agrees with you that provost courts should be employed most sparingly in such cases, and that Haitians should be brought to trial before them only in extremely aggravated cases where there is a clear and imperative necessity for the infliction of punishment.

On the other hand, the Department feels that provost courts should rarely, if ever, be employed for the punishment of offences against Haitian officials or individuals except, possibly, in cases where such offences, if allowed to go unpunished, would directly and unquestionably prevent the carrying out of the objects of the Treaty between the United States and Haiti. In cases of open rebellion, or of open incitement to commit attacks upon the constituted authorities, the punishment of offenders by provost courts would perhaps be justifiable, even if the forces of occupation were not directly involved. The Department does not, however, feel that newspaper attacks upon Haitian authorities, however unjust or violent, should be dealt with by provost courts, except in cases where the suppression of the news-

paper propaganda is obviously necessary to maintain the peace. The newspaper articles transmitted by you in your despatch No. 57, of August 28, 1922,¹⁹ do not appear to the Department to be of such a dangerous nature as to justify the trial and punishment of the offenders by provost courts. The obvious means of preventing the abuses of the press would be the enactment of adequate laws for the punishment of libel and the suppression of other abuses, and the reorganization of the Haitian judiciary system to the point where the Haitian Government is in a position to enforce the laws through its own courts. The Department realizes that this reorganization will take time and that the employment of the provost courts in exceptional cases in the meantime must be determined upon in each case, as the necessity arises.

The Department has full confidence in your discretion in the matter of employing provost courts and approves of the general policy which you have followed. It desires, however, that you should be fully informed as to its views upon this subject, and that you should realize that the employment of the provost courts in any case affecting Haitian citizens, however necessary such employment may be, is a source of embarrassment to the Department and is likely to subject the Department's policy in Haiti to very serious criticism.

I am [etc.]

CHARLES E. HUGHES

BOUNDARY DISPUTE WITH THE DOMINICAN REPUBLIC

(See volume I, pp. 434 ff.)

¹⁹ Not printed.

HONDURAS

INCURSIONS OF REVOLUTIONARY BANDS INTO HONDURAS¹

815.00/2286 : Telegram

The Minister in Honduras (Morales) to the Secretary of State

TEGUCIGALPA, January 29, 1922—10 a.m.

[Received 9:15 p.m.]

13. The following sent to American Legation Managua:

"January 28, 10 p.m. Urgent. The President of Honduras informs me that about four hundred Honduran political refugees are gathered on the Nicaraguan-Honduran frontier in the Department of Chinandega near San Pedro, Cinco Pinos and other villages preparing to invade Honduras. It would appear that the commandant of Chinandega, Colonel Tijerino, is aiding these revolutionists.

If you find basis for this report I suggest that you urge the President of Nicaragua to take energetic steps to capture and reconcentrate these refugees".

This telegram sent at the request of the President of Honduras who has requested that Department be informed of situation trusting that representations may be made to Chamorro² to take measures against these refugees.

MORALES

815.00/2286 : Telegram

The Secretary of State to the Minister in Nicaragua (Ramer)

WASHINGTON, January 30, 1922—6 p.m.

5. Reference to American Legation, Tegucigalpa's telegram to you of January 28, 10 p.m.,³ and to Department's telegram of January 5, 2 p.m.⁴ Inform President Chamorro that this Government is unwilling to give any credence to a report that Nicaraguan Officials are in any way abetting revolutionary activities in Honduras. Any action

¹ For papers relating to previous revolutionary activities on Honduras frontiers, see *Foreign Relations*, 1920, vol. II, p. 854; see also *ibid.*, 1921, vol. II, chapter on Nicaragua, p. 554.

² Diego M. Chamorro, President of Nicaragua.

³ Transmitted in telegram no. 13, Jan. 29, from the Minister in Honduras, *supra*.

⁴ Not printed.

of this nature would not only constitute a violation of Nicaragua's treaty obligations to her neighbors, but would necessarily be viewed as an act of bad faith toward the United States which has recently provided Nicaragua with large quantity of armament^{*} in the confident assumption that the Nicaraguan Government would use it only for the maintenance of internal order. The reports received by this Government are nevertheless of such a nature that it feels compelled urgently to request that the Nicaraguan Government make every possible effort to prevent any officials or individuals within her territory from giving aid to conspirators against the Government of a neighboring country. This Government confidently expects that the Nicaraguan Government will show itself able to perform its international obligations to the fullest extent.

HUGHES

815.00/2285 : Telegram

The Secretary of State to the Minister in Salvador (Schuyler)

WASHINGTON, January 30, 1922—6 p.m.

2. Department has received most alarming reports concerning revolutionary activities against Government of Honduras. There is strong evidence that these are being fomented from neighboring countries. You will call on President Meléndez and emphatically urge him to take every possible measure to prevent either officials or individuals in Salvador from abetting in any way revolutionary activities in Honduras.

General Eulogio Flores, who is said to have been in Guatemala as personal representative of President of Salvador, is now reported to be on Honduran boundary assisting in preparations.

HUGHES

815.00/2289 : Telegram

The Minister in Salvador (Schuyler) to the Secretary of State

SAN SALVADOR, January 31, 1922—5 p.m.

[Received February 2—10:35 a.m.]

3. In reply to your telegram January 30, 6 p.m., the President states that he has been and is taking every possible precaution and telegraphing orders to departmental commanders to arrest any persons attempting revolutionary activities against Honduras. It seems a band of 40 men armed with machetes has been observed on the

^{*} See *Foreign Relations*, 1921, vol. II, pp. 564 ff.

frontier of Gotera and orders have now been given to capture them. The only Honduran leader of importance now in this city will be arrested this afternoon.

Flores is personal representative of Orellana⁶ not of the President of Salvador and is now in this city (see my confidential despatch 103, January 6th, page 3,⁷ and my telegram January 11, 9 p.m.⁸).

SCHUYLER

817.00/2844a : Telegram

The Secretary of State to the Minister in Nicaragua (Ramer)

WASHINGTON, February 2, 1922—5 p.m.

6. Referring to Department's 41, December 9, 6 p.m.,⁹ Department has requested Navy Department to order that proposed investigation along Honduran frontier be made at once. It is especially desired that officer should visit Somoto because of reports regarding unneutral activities of commandante there.

When officer starts inform American Legation Tegucigalpa in order that facilities for his return through Honduras may be extended.

HUGHES

815.00/2322

The Minister in Honduras (Morales) to the Secretary of State

No. 41

TEGUCIGALPA, March 2, 1922.

[Received March 16.]

SIR: With reference to the Department's telegram No. 6, dated February 2, 1922, I have the honor to inform the Department of the arrival in Tegucigalpa of Lieut. Col. James K. Tracy, U.S.M.C., on February 26th.

Lieut. Col. Tracy left Managua on February 14th, via Chinandega, passing through the following frontier towns; Campazano, Somotillo, Ceiba Grande, Cinco Pinos, San Juan de Limay, La Grecia, Potosi, Ocotal, Somoto Grande, Santa Maria, Ococona, Coyolar and Güinope.

Lieut. Col. Tracy's principal object in coming to Tegucigalpa was for the purpose of securing information from the Legation concerning the activities of the Honduran political refugees on the border.

⁶ Provisional President of Guatemala.

⁷ Not printed.

⁸ Not found in Department files.

⁹ *Foreign Relations*, 1921, vol. II, p. 564.

I presented Lieut. Col. Tracy to President Rafael López Gutiérrez, the Minister of War, Carlos Lagos, and the other members of the President's Cabinet.

The President was very pleased with the visit of Lieut. Col. Tracy to Tegucigalpa and furnished him with the necessary information concerning the border, and also greatly facilitated his return trip to Nicaragua, by placing at his disposal an automobile to Choluteca and mules from there to San Marcos.

Lieut. Col. Tracy's stay in Tegucigalpa was very short, owing to information received by President Gutiérrez that Dr. Rufino Solís, Honduran political refugee, who escaped from Managua, was again at the head of 100 armed men causing trouble on the frontier near San Marcos. In view of the above information, Lieut. Col. Tracy left Tegucigalpa on March 1st, for San Marcos via Choluteca.

He was not inclined to make a statement at this time, desiring to complete the investigation of the entire frontier before making a report.

I have [etc.]

FRANKLIN E. MORALES

815.00/2814a : Telegram

The Secretary of State to the Minister in Nicaragua (Ramer)

WASHINGTON, March 9, 1922—6 p.m.

10. Department is informed that about 200 armed Honduran political refugees are making depredations on Honduran border districts and have robbed towns of Paraiso, San Antonio de Flores and Duyure. Make urgent representations to Nicaraguan Government in order that it may stop the activities of this band and reconcentrate the leaders.

HUGHES

815.00/2817 : Telegram

The Minister in Nicaragua (Ramer) to the Secretary of State

MANAGUA, March 13, 1922—2 p.m.

[Received March 14—11:35 a.m.]

8. In compliance with 10, March 9, 6 p.m. made the requested representations to Nicaraguan Government which showed earnest desire to cooperate with it in stopping activities of Honduran *emigrados* on the border.

Have since been informed by Nicaraguan Government that Nicaraguan forces captured General Russo Sol [Rufino Solís] and 14 other Honduran *emigrados* who are now concentrated.

RAMER

817.00/2858

The Minister in Nicaragua (Ramer) to the Secretary of State

[Extract]

No. 38

MANAGUA, March 25, 1922.

[Received April 14.]

SIR:

Colonel Tracy arrived in Managua March 17th after spending over a month of investigation of conditions on the Nicaraguan-Honduran frontier. He reported that the revolutionary movement in Honduras is very popular on the Honduran border and may assume serious proportions at any time; also that the Nicaraguan Government officials in the border districts are giving moral support to this movement by their inactivity . . .

JOHN E. RAMER

815.00/2335 : Telegram

The Minister in Honduras (Morales) to the Secretary of State

TEGUCIGALPA, April 4, 1922—10 a.m.

[Received 9:30 p.m.]

39. By Congressional decree of yesterday martial law was declared throughout the Republic of Honduras.

The President respectfully requests that two war vessels be sent to Honduras one at Amapala and the other at La Ceiba. I suggest that his request be complied with. He fears invasion by political refugees from Salvador and Nicaragua.

Ferrara already in Honduran territory. Telegraphic communication with Salvador cut off.

MORALES

815.00/2337 : Telegram

The Minister in Salvador (Schuyler) to the Secretary of State

SAN SALVADOR, April 6, 1922—12 noon.

[Received 11:50 p.m.]

17. Your 11, April 4, 5 p.m.¹⁰ The President informs me that Ferrara leader of the Honduran revolutionists and their only strong man was given permission to leave this city after the Minister

¹⁰ Not printed.

of Honduras here also had given him permission to do so to visit his children's graves in the orient of Salvador. Ferrara returned from visit a few days ago, reported to the President and the Honduran Minister and soon thereafter fled. All other emigrants including Soriana in this city and Mesa Calix in Santa Ana under surveillance except General Leiva who has been working for the International Railways and was not watched. He disappeared some days ago and is now reported near Esperanza. The Salvadorean commandant at Chalatenango reports 60 armed men in an inaccessible mountain near the frontier and states that he cannot capture them unless he gets reinforcements to the 25 men of his force. This latter movement is regarded here as intended to divert attention from the real operations around Esperanza. Strict orders have been given local commanders on frontier to arrest all persons crossing border. The Department is aware that this frontier has many wild and inaccessible mountains where all sorts of things can be carried on without observation.

The President is in cipher communication with General Gutiérrez brother of the President of Honduras commanding at Esperanza and recently warned him not to leave his post as something was going on. Above repeated to American Legation at Tegucigalpa.

SCHUYLER

815.00/2838 : Telegram

The Minister in Honduras (Morales) to the Secretary of State

TEGUCIGALPA, April 6, 1922—11 p. m.

[Received April 7—9:31 p.m. (a.m.?)]

40. Referring to the Legation's telegram of April 3d number 39 [38]¹¹ the revolutionists under command of General [Gregorio] Ferrara with 300 men were engaged in battle with the Honduran forces at Esperanza on April 5th from 4 a.m. until 2 p.m. resulting in a victory for the Government forces the revolutionists losing 50 killed and 35 wounded. Two other engagements between the Government forces and the revolutionists at Ocotepeque yesterday resulted victoriously for the Government forces.

I suggest that representations be made to the Salvadorean Government to take steps for the capture and reconcentration of the revolutionists.

The President informs me that the Salvadorean Government is aiding the revolutionists in every way.

MORALES

¹¹ Not printed.

815.00/2343 : Telegram

The Minister in Nicaragua (Ramer) to the Secretary of State

MANAGUA, April 7, 1922—3 p.m.

[Received April 11—10:23 a.m.]

14. Your number 13 April 4, 5 p.m.¹² Nicaraguan Government denied that Honduras is being invaded by revolutionists from Nicaragua but informed me that recently Honduran Government forces crossed the border and attacked Honduran revolutionists in Nicaragua.

The President of Nicaragua demanded of the President of Honduras an explanation of this violation of Nicaraguan territory who replied that he would investigate as such action was contrary to instructions given to leaders of expeditionary forces on the frontier but that his general in charge of that zone, Roman Diaz, had informed him he had an agreement with the Nicaraguan commandant at Ocotal permitting Honduran Government forces to pursue Honduran revolutionists into Nicaraguan territory should it become necessary. President of Nicaragua thereupon communicated with said commandant Diego Vargas who yesterday denied having made any such agreement.

From the reports received here by the Government it appears that considerable number of Honduran Government forces have arrived along the border.

RAMER

815.00/2335 : Telegram

The Secretary of State to the Minister in Honduras (Morales)

WASHINGTON, April 8, 1922—4 p.m.

15. Your April 4, 10 a.m.

In view of information contained in your April 6, 11 p.m., Department presumes that there is now no necessity for sending warships. Keep Department fully informed of developments.

HUGHES

815.00/2337 : Telegram

The Secretary of State to the Minister in Salvador (Schuyler)

WASHINGTON, April 8, 1922—6 p.m.

13. Your 17, April 6, 12 noon.

Department is informed that on April 5 three hundred revolutionists commanded by Ferrara engaged in battle with the Hondu-

¹² Not printed.

ran forces at Esperanza and that two other engagements took place at Ocotepeque the Government forces being reported victorious throughout.

Impress strongly upon Salvadorian Government importance of taking every step to ensure public order and prevent its territory from being used to facilitate attacks on Honduras.

Say informally that this Government regrets that Generals Ferrara and Leiva should apparently have been permitted to leave Salvadorian territory.

HUGHES

815.00/2342 : Telegram

The Minister in Honduras (Morales) to the Secretary of State

TEGUCIGALPA, April 10, 1922—2 p.m.

[Received 8 p.m.]

41. Referring to the Department's telegram of April 8, 4 p.m. The President is of the opinion that warship at Amapala is indispensable at this time on account of seriousness of political situation in Salvador, Nicaragua and Honduras.

Revolutionists on Salvadorean frontier very quiet but Government looking for further attack from them. Ferrara left vicinity of Esperanza and is now located near Gracias.

General Leiva was captured by Salvadorean forces and will be reconcentrated.

MORALES

815.00/2345 : Telegram

The Minister in Salvador (Schuyler) to the Secretary of State

[Extract]

SAN SALVADOR, April 11, 1922—3 p.m.

[Received April 12—9:30 a.m.]

20. I spent yesterday in the country with the President and impressed upon him very strongly the contents of your 13, April 8, 6 p.m. . . . in response to the urgent representations I had made several days ago on my own initiative he had sent two trusted generals and 150 soldiers to Chalatenango region who have now captured Generals Leiva and Coto and two other leaders of the movement now being brought to this city. He thinks the only thing he can legally do is to expel them from the country.

The President believes trouble ended as the insurgents are said to have exhausted all their ammunition and money. He thinks they had some of the rifles and ammunition taken by the rebellious

cadets when they fled which have never been recovered although this Government offered rewards.¹³ Furthermore, winchesters, revolvers and ammunition can be openly bought in this city by any one. Apparently Ferrara left here alone trusting to personal popularity in border region for recruiting men but failed to get much response and he is now in flight. . . .

SCHUYLER

815.00/2357 : Telegram

The Minister in Honduras (Morales) to the Secretary of State

[Extract-Paraphrase]

TEGUCIGALPA, May 4, 1922—2 p.m.

[Received May 5—9:30 a.m.]

45. I was requested by the President to advise Department concerning political difficulties of Honduras and Nicaragua. He is reliably informed that Francisco Martinez Funes is at present in Esteli and has 300 troops equipped to make an invasion of Honduras. He requests that representations be made by the Department to Nicaragua that Funes be captured. . . .

MORALES

815.00/2367 : Telegram

The Minister in Salvador (Schuyler) to the Secretary of State

EL SALVADOR, June 10, 1922—noon.

[Received 11:45 p.m.]

48. President informs me that his forces captured General Ferrara by stating that they had 500 rifles for him at a certain spot. He went there and was taken prisoner with 35 men. He has now been deported to Mexico at the request of President of Honduras.

SCHUYLER

815.00/2375 : Telegram

The Secretary of State to the Minister in Nicaragua (Ramer)¹⁴

WASHINGTON, July 19, 1922—7 p.m.

24. Department informed by Legation Tegucigalpa¹⁵ that Martinez Funes with 200 men took possession of El Paraiso near Nicaraguan territory on the 16th instant, and that 7 Honduraneean

¹³ On Feb. 16, 54 cadets from the Escuela Politecnica Militar revolted; pursued by loyal troops, a few were captured and others escaped, presumably into Honduras (file nos. 816.00/374, 381).

¹⁴ Repeated on the same date as telegram no. 22 to the Minister in Honduras.

¹⁵ In telegram no. 54, July 17; not printed.

officers and 12 men were killed. Honduran Legation here adds Honduran and Chinese commercial houses in El Paraiso were pillaged, and that the Honduran Government is planning to break off diplomatic relations with Nicaragua.

You will inform President Chamorro that this Government has been very much disturbed by the repeated reports regarding the activities of Funes along the border between Nicaragua and Honduras. It appears that this leader has made repeated invasions of Honduras, raiding towns, and, in this last case, causing considerable loss of life. In each case he returns to Nicaraguan territory where he has been allowed to organize new forces and prepare for new attacks against Honduras. The Department fully realizes the difficulty of controlling the situation along the frontier between the two countries, but it feels that the repeated invasion of the territory of Honduras, and the resulting danger of the peace of Central America call for very much more energetic action than the Government of Nicaragua has as yet taken. It, therefore, expects the Nicaraguan Government will intern Funes and his followers, and take such other steps as may be necessary to put a definite end to the operations of Honduran revolutionists on Nicaraguan territory. The Department is constrained to add that a failure to take these steps must be regarded as an indication that the Government of Nicaragua is either unwilling or unable to perform the obligation resting upon any civilized Government.

You may informally point out to the President, in this connection, that the Treaties of 1907¹⁶ provided that revolutionists of one country would not be permitted to live in the provinces of the other countries bordering on their country of origin.

HUGHES

\$15.00/2378 : Telegram

The Minister in Honduras (Morales) to the Secretary of State

TEGUCIGALPA, July 20, 1922—3 p. m.

[Received July 21—10:10 a.m.]

57. Referring to the Department's telegram of July 19, 7 p.m.¹⁷ The President is very grateful to the Department for the prompt action taken with the Nicaraguan Government. Diplomatic relations will not be severed without first advising the Department. This Government has situation completely under control. No further trouble contemplated and I have kept Legation at Managua fully advised by telegram.

MORALES

¹⁶ *Foreign Relations*, 1907, pt. 2, pp. 692-711.

¹⁷ *Supra*.

815.00/2379 : Telegram

The Minister in Nicaragua (Ramer) to the Secretary of State

MANAGUA, July 22, 1922—10 a.m.

[Received 7:35 p.m.]

37. Your telegram July 19, 7 p.m. I have been informed by Legation at Tegucigalpa that Honduran Government forces had recaptured El Paraiso and were in full control of the situation.

I have taken up this matter of border trouble with the President as instructed by the Department. He informed me that he was very anxious to terminate it and regretted that lack of funds prevented his sending sufficient force to completely patrol border. He informed me that he has submitted instructions to the leader of the few troops there to make every effort to capture Honduran revolutionists coming into Nicaragua and especially Martinez Funes.

RAMER

815.00/2396 : Telegram

The Secretary of State to the Minister in Salvador (Schuyler)

WASHINGTON, August 1, 1922—3 p.m.

37. Your 70, July 28, 3 p.m.¹⁸

Legation Tegucigalpa informs Department band of 60 men entered town of Santa Elena from Salvadorean territory afternoon of 28th, capturing the commandant and robbing two stores.

You will inform President Meléndez that this Government has been very much disturbed by the repeated reports regarding such activities along the border between Salvador and Honduras. The Department fully realizes the difficulty of controlling the situation along the frontier between the two countries, but it feels that the repeated invasions of the territory of Honduras, and the resulting danger to the peace of Central America, calls for very much more energetic action than the Government of Salvador has yet taken. It, therefore, expects the Salvadorean Government to intern those engaged in such operations, and to take such other steps as may be necessary to put a definite end to the operations of Honduran revolutionists on Salvadorean territory. The Department is constrained to add that a failure to take these steps must be regarded as an indication that the Government of Salvador is either unwilling or unable to perform the obligations resting upon any civilized government.

¹⁸ Not printed.

You may informally point out to the President, in this connection, that the Treaties of 1907 provide that revolutionists of one country could not be permitted to live in the Provinces of the other countries bordering on their country of origin.

HUGHES

815.00/2392 : Telegram

The Minister in Guatemala (Geissler) to the Secretary of State

GUATEMALA, August 1, 1922—4 p.m.

[Received August 2—12:50 p.m.]

63. President of Guatemala expresses very grave concern over revolutionary movement against Honduran Government said to be originating in Salvador, said to have support of that Government. Orellana says he has reliable information that purpose is installation of a government in Honduras which will be conservative, pro-Mexican, anti-American and anti-Guatemalan and that next would be movement to secure President with similar policies to succeed Meléndez in Salvador. Orellana says he would like to see election of President in Salvador thoroughly friendly to the United States and Guatemala and desires eventual election of similarly disposed President in Honduras. Repeated to American Legation at Salvador.

GEISSLER

815.00/2400 : Telegram

The Vice Consul at Puerto Cortez (Alexander) to the Secretary of State

PUERTO CORTEZ, August 8, 1922—4 p.m.

[Received 10 p.m.]

Reported San Barbara this department taken by revolutionists and consular agent reports today that San Pedro Sula threatened and panic stretches. Communications are threatened or cut. Please instruct whether to expect a naval [gunboat at] this port.

ALEXANDER

815.00/2392 : Telegram

The Secretary of State to the Minister in Guatemala (Geissler)

WASHINGTON, August 9, 1922—4 p.m.

87. Your telegram 63, August 1, 4 p.m.

In view of present very strained relations between Nicaragua, Salvador and Honduras the Department would learn with regret of

any action on the part of President Orellana in any way interfering in the internal affairs of Salvador and Honduras. Should a favorable opportunity arise you may point out to President Orellana that the 1907 treaties provided that the government of any Central American country should not interfere with the internal politics of the other Central American countries and tell him that the United States would learn with concern and disapproval any action on the part of one government to influence the outcome of elections in neighboring countries.

For your information. The Department has made representations to the Nicaraguan and Salvadoran Governments with respect to the recent incursions into Honduran territory and it is probable that a meeting of the Presidents of Honduras, Salvador and Nicaragua will shortly be held on an American battleship in Fonseca Bay with a view to endeavoring to bring about peaceful relations between the three countries and a strict observance of their international obligations on the part of all the governments concerned.¹⁹

HUGHES

815.00/2400 : Telegram

*The Secretary of State to the Vice Consul at Puerto Cortez
(Alexander)*

WASHINGTON, August 10, 1922—4 p.m.

Your August 8, 4 p.m.

Department understands U.S.S. *Galveston* will arrive in two or three days.

HUGHES

815.00/2407 : Telegram

The Minister in Salvador (Schuyler) to the Secretary of State

[Extract]

SAN SALVADOR, August 10, 1922—4 p.m.

[Received August 11—10:45 a.m.]

74. The situation has been so confused for the last few days I have refrained from reporting it. In reply to the strong note I addressed to the Salvadorean Government in accordance with the Department's cable instructions of August 1, 3 p.m., I received a long and evasive note expressing pain and surprise at the tone, assurances that everything possible has been at all times done to preserve neutrality on

¹⁹ The conference was held on board the S. S. *Tacoma*; see vol. I, pp. 417 ff.

the Honduran frontier but that nevertheless the Government would now do more. . . .

Troops are being concentrated along frontier near Ocotepeque to stop reported invasion from Guatemala. Trucks and automobiles were seized last Sunday but returned to owners on Monday. Telephone and telegraphic communication between capital and provinces has been stopped for several days but I can always get people. Today the Government seems less panic-stricken and more confident than for a week . . . Above repeated to the Legation at Guatemala and Honduras.

SCHUYLER

815.00/2424 : Telegram

The Secretary of State to the Minister in Guatemala (Geissler)

WASHINGTON, August 16, 1922—3 p.m.

38. The Department is informed that it is now fully confirmed that the Guatemalan Government is shipping large quantities of arms via Puerto Barrios and Puerto Cortez to the Honduran Government. It also appears that Guatemala is encouraging revolutionary movements against Salvador. You will immediately inform President Orellana that this Government looks with great disapproval upon the action of the Guatemalan Government in this matter; that it will learn with profound regret of any action tending to bring about disorder in Central America and that it expects the Guatemalan and other Central American Governments loyally to fulfill their international obligations and to take immediately such measures as may be necessary for the preservation of peace in Central America. You will impress upon President Orellana the importance of his not interfering or intervening in any way in the affairs of the neighboring countries. Keep the Department fully informed as regards the situation.

HUGHES

818.00 Tacoma : Telegram

The Minister in Guatemala (Geissler) to the Secretary of State

GUATEMALA, August 18, 1922—6 p.m.

[Received August 21—10 a.m.]

66. I called on President Orellana yesterday and informed him as instructed. He states that Guatemalan Government has not intervened and will not intervene in domestic affairs of neighboring countries and that thousands of Salvadoran *emigrados* are restrained by Guatemala. He stated that he believes he had right

to sell a quantity of arms to the Honduran Government some three weeks ago. I urged that he carefully avoid everything which might be construed as interference. He stated emphatically that is his earnest desire. I mentioned recent occupation of Alsacia by Guatemala soldiers. Orellana stated that is in territory claimed by Guatemala and that soldiers went to forestall an invasion and have since been withdrawn. Orellana appears absolutely sincere in desire to keep out of Honduras, Nicaragua, Salvadoran controversy relying upon my assurances that the United States would look with disfavor on any infringement of rights of Guatemala. Orellana has no desire to join the conference of the three Central American Presidents²⁰ but I hope earnestly that the Department and the Ministers to those countries will continue the practice of keeping this Legation fully informed so that I may keep President Orellana reassured as to the interests of Guatemala. Above repeated to Legations at Tegucigalpa, Salvador Managua.

GEISSLER

815.00/2469a : Telegram

The Acting Secretary of State to the Minister in Nicaragua (Ramer)

WASHINGTON, August 30, 1922—3 p.m.

36. Legation Tegucigalpa reports another incursion into Honduran territory by Funes. Bring this to attention of President Chamorro and impress upon him the importance of executing faithfully the provisions of the Agreement just signed.²¹ State that a great deal of publicity and favorable comment have been given throughout the United States to the Agreement of the three Presidents to take vigorous steps to suppress the activities of political refugees. Consequently, it would be most unfortunate if at so early a date after the conclusion of the Agreement the Government of Nicaragua should appear to fail to carry out the terms of its undertaking, and, therefore, the Department is convinced that the Government of Nicaragua will act in a prompt and vigorous manner to have Funes arrested and tried should he return to Nicaraguan territory, and in such manner give notice to all the world that Nicaragua, on its part, is determined faithfully to abide by the Agreement just signed.

Department desires your comment on Fonseca Bay conference, especially as to attitude of the various participants and prospects for successful results.

PHILLIPS

²⁰ The conference held on board the S. S. *Tacoma*; see vol. 1, pp. 417 ff.

²¹ Agreement of Aug. 20, 1922, vol. 1, p. 422.

815.00/2476: Telegram

The Minister in Honduras (Morales) to the Acting Secretary of State

TEGUCIGALPA, September 16, 1922—11 a.m.

[Received September 18—9:20 a.m.]

76. Revolutionary movement headed by Francisco Martínez Funes completely overthrown. Government forces killing 56 and capturing 78 men. Government in full control of the situation.

The President requests that the *Tacoma* remain at Truxillo for several days.

MORALES

AGREEMENT SIGNED BY THE PRESIDENTS OF NICARAGUA, HONDURAS, AND SALVADOR AUGUST 20, 1922, ON BOARD THE U. S. S. "TACOMA" IN FONSECA BAY

(See volume I, pp. 417 ff.)

BOUNDARY DISPUTE WITH NICARAGUA

(See volume I, pp. 443 ff.)

HUNGARY

REVIVAL OF THE EXTRADITION CONVENTION OF JULY 3, 1856, AND THE COPYRIGHT CONVENTION OF JANUARY 30, 1912, BETWEEN THE UNITED STATES AND THE FORMER AUSTRO-HUNGARIAN MONARCHY

264.11/3 : Telegram

The Secretary of State to the Minister in Hungary (Brentano)

WASHINGTON, May 19, 1922—3 p.m.

24. The Department desires you to address a note to the Foreign Office as follows:

"The benefits of Article 224 of the Treaty of Trianon relating to the revival of bilateral treaties or conventions made with the former Austro-Hungarian Monarchy by nations described in that Treaty as the Allied and Associated Powers are among those secured to the United States by the Treaty with Hungary signed on August 29, 1921,¹ to establish securely friendly relations between the two nations. According to paragraph (5) of Article II of that Treaty the period of time, namely six months, within which the United States is privileged to revive any bilateral treaty or convention concluded with the former Austro-Hungarian Monarchy, began to run from the date of the coming into force of that Treaty, that is, on December 17, 1921, the date on which ratifications of the Treaty were exchanged.

The Government of the United States desires to revive the Extradition Convention concluded on July 3, 1856,² and the Copyright Convention concluded on January 30, 1912,³ by the United States with the former Austro-Hungarian Monarchy. By direction of my Government, I have the honor to give in its behalf to the Government of Hungary the official notification contemplated by Article 224 of the Treaty of Trianon to revive this Extradition Convention and this Copyright Convention. According to the terms of that Article, the revival will take place on this date."

You will please have this note delivered to the Foreign Office on the date which the note bears in order that there may be no doubt as to the date on which these two Agreements are revived, and you will telegraph the Department the date of the note in which you make notification, which you will observe must be given before June 17, 1922.

HUGHES

¹ *Foreign Relations*, 1921, vol. II, p. 255.

² Malloy, *Treaties*, 1776-1909, vol. I, p. 36.

³ *Foreign Relations*, 1912, p. 7.

264.11/5 : Telegram

The Minister in Hungary (Brentano) to the Secretary of State

BUDAPEST, *May 29, 1922—1 p.m.*

[Received May 30—9:10 a.m.]

29. Your 24 May 19, 3 p.m. Note relative to treaties dated and delivered May 27th.

BRENTANO

ITALY

PROTESTS BY THE ITALIAN GOVERNMENT AGAINST RESTRICTIONS UPON ITALIAN IMMIGRATION INTO THE UNITED STATES

811.111 Quota/118

The Italian Ambassador (Ricci) to the Secretary of State

WASHINGTON, *January 24, 1922.*

MR. SECRETARY OF STATE: It is rumored that the new legislation on immigration on which the Special Committees of the House and Senate are working, while being more or less a repetition of the actual three-per-cent law, will continue to base the national quotas on the Census of 1910.

Your Excellency will allow me to observe that now that the results of the 1920 Census are not only known, but published, the establishing of the quotas on the 1910 Census would result in an open discrimination between peoples of different nationalities, a course which would be in violation of existing treaties which provide the equality of rights and of treatment.

Your Excellency knows, of course, that Italy would be particularly affected by such a decision of the Congress as its greater flood of emigration to this Country happened between 1910 and 1914.

Furthermore, Your Excellency will allow me to state that any other system, at the arrival of the immigrants as to the assignment of the respective quotas, other than their passport, would occasion the repetition of the difficulties and hardships we had the honor to indicate to Your Excellency when Italian citizens of Rhodes were assigned to the exhausted quota of Other Asia.

That is why I take the liberty of suggesting that the passport be the only element for determining the nationality of the alien and his assignment to a quota, that is, the quota of the nation which has granted the passport.

Such a system, while harmful to no one, is the simplest of all and the only one which would avoid the difficulties and confusion and, furthermore, would have, it seems to me, a legal and sound, and politically indisputable basis.

My suggestion, Excellency, aims to avoid the great [apparent omission] which is being met by some aliens, who, being citizens of a nation, though born within the confines of another, are able to

secure passports only from the nation which has given them citizenship, and are, therefore, in the impossibility of knowing in advance, while leaving the country of adoption, if the quota of the nation of their birth has been exhausted, especially when the latter is geographically remote.

Finally the nationality based on the passport will permit a nation to take the responsibility of adhering strictly to its quota and to protect its own citizens while observing the American Law.

Your Excellency will pardon my seeming interference in a legislative matter when considering that the friendly suggestions offered above aim only to avoid in time the complications that are likely to arise during the course of future immigration, complications that, I know, all of us are willing to eliminate. And I trust that, in such a spirit, Your Excellency will take what precedes into careful and favorable consideration.

I avail [etc.]

V. ROLANDI RICCI

811.111 Quota/185

The Italian Ambassador (Ricci) to the Secretary of State

[Translation ¹]

WASHINGTON, February 25, 1922.

MR. SECRETARY OF STATE: Now that the House of Representatives has decided purely and simply to extend to the 30th of June, 1923, the present 3 percent immigration law, I take the liberty of urging the recommendations which I had the honor to make to Your Excellency in my note of the 24th of January last.

In the said note, prompted by the desire to have the procedure of the law freed from the doubts that might arise in the course of its practical operation, considering the two-fold duty incumbent upon the Royal Government scrupulously to observe the American regulations and to forestall in the interest of the immigrants any danger of being denied admission, I pointed out the expediency of letting the passport determine both the nationality of the foreigner and also his or her assignment to the national quota, thus fulfilling—even in the case of nationals born out of their own country—the provision which was inserted in another bill previously introduced in the Committee on Immigration of the House, before the extension of the present provisional law was approved, to the effect that those born in the colonies and dependencies of European nations should, for the purposes of the quota, be considered as included in the quota ascribed to the mother country.

¹ File translation revised.

There is no attempt, therefore, on our part to meddle with the legislative and administrative action of the Republic, but a desire to tender sincere cooperation for the better success of a service which in practice is carried on in common by the two countries.

But it is the other recommendation upon which I wish more earnestly to insist: the one relating to the computation of the quota, which, with the extension of the 3 percent law without any amendment, must continue to be made on the basis of the census of foreigners taken in 1910.

It is on this point that I wish to make my most earnest appeal to the well-tested sense of justice of Your Excellency. The question is one of so much importance, is so delicate, and is moreover so clear in its bearing and its incalculable moral consequences, that I believe it unnecessary to dwell upon it at further length. Your Excellency has given unmistakable evidence of your discernment and your willingness to make clear other delicate situations to the legislators; for such action on your part we are deeply grateful to you; but we feel confident of your continuing interest in this case, so that, even if circumstances determine the country to continue a policy of restriction, it may confirm in the provisions of law on the subject those traditions of equity that have been and are now the pride of the policy of this Republic.

Be pleased [etc.]

V. ROLANDI RICCI

811.111 Quota/118

The Secretary of State to the Italian Ambassador (Ricci)

WASHINGTON, April 1, 1922.

EXCELLENCY: I have the honor to acknowledge the receipt of your notes of January 24 and February 25, 1922, in which you make certain suggestions as to the Legislation on immigration under consideration by the Committees of the United States Senate and of the United States House of Representatives.

The contents of the two notes mentioned above have received attentive consideration, particularly the following passage in your note of January 24:

“Your Excellency will allow me to observe that now that the results of the 1920 Census are not only known, but published, the establishing of the quotas, on the 1910 Census would result in an open discrimination between peoples of different nationalities, a course which would be in violation of existing treaties which provide the equality of rights and of treatment.”

Since you do not state what treaty stipulations you consider would be contravened by the proposed law, the Department is not in a posi-

tion at this time to enter into a discussion of this matter. However, it may be observed that the effect of the proposed law on the existing treaty stipulations has been considered by the Department, which reached the opinion that it would contravene no provisions of existing treaties. The restrictions imposed by the proposed law are of a general character and, therefore, do not appear to be discriminatory against Italy or any other country.

Copies of your notes are being sent, for their consideration, to the Chairman of the Committee on Immigration of the United States Senate and to the Chairman of the Committee on Immigration and Naturalization of the United States House of Representatives.

Accept [etc.]

CHARLES E. HUGHES

811.111 Quota/166

The Italian Ambassador (Ricci) to the Secretary of State

[Translation ^a]

WASHINGTON, April 11, 1922.

MR. SECRETARY OF STATE: Your Excellency will permit me to answer your note of the first of this month.

In that note Your Excellency, after saying that as I had not declared which treaty stipulations I consider to have been violated by the 3 percent bill, the Department is not in position to enter upon a discussion of the question, remarks:

That the Department, having considered the effects of the bill upon the existing treaties, finds that it does not conflict in any of its clauses with the existing treaties:

And that the restrictions imposed by the bill above referred to are of a general character, and therefore there is no discrimination against Italy or any other nation.

Your Excellency will permit me to remark that in my notes to which you reply I did not make any allusion to the restrictive effect of the bill; but only to the purpose, confirmed by the vote of the House of Representatives, of basing the quota of immigration to be assigned to the several nations on the census of 1910.

By placing the quota on the basis of the census of 1910, the law that is now being made for the future intentionally ignores the real facts—facts which for the sake of exactness for purposes of law can only be determined by the last census at the disposal of the nation, that of 1920—and ignoring the present facts arbitrarily adopts as a basis of fact a situation which prevailed twelve years ago and the result of which is to alter to the detriment of Italian

^a File translation revised.

immigration the proportion of immigrants that may be admitted into the United States coming from various foreign countries.

This injury is obvious when it is considered that Italian immigration into the United States was at its relatively highest development during the period from 1910 to 1914; consequently, the census of 1910 was bound to find, as it did find, fewer Italians in the United States than were found by the census of 1920.

I have thus given a clear explanation of the injury worked on Italian immigration by the bill.

With a view to explaining the existence of the evident discrimination which the bill would sanction to the injury of the Italians, I shall not confine myself to pointing to the advantage derived from the said law for immigrants from other nations, whose development in respect to immigration was checked during the ten years between 1900 to 1910, and whose quotas, based on the census of 1910, would proportionately be given an advantage and therefore run higher than that which, on the same basis, would be set as the Italian quota. If I were content with pointing to such an obvious result, I should prove only a *de facto* discrimination. But I am preparing to prove that there also exists in the law as proposed intentional discrimination and it is the existence of such a circumstance which is my incentive in renewing my protest.

If it be true—and it cannot be denied—that the best interpretation of a law as to its content, its effects, and its purposes, is that which is spontaneously exhibited during and in the midst of the debates in which the legislators are engaged in the act of passing it, my interpretation of the moral content and aims of the 3 percent law finds its most absolute confirmation in the outcome of the discussion that took place in the two houses of the Congress as appears in the official records of the Congress itself, when from the 19th to 26th of February 1921 the 3 percent law was under consideration.

For that purpose I beg Your Excellency to go over the following data:

United States Senate Hearings on Emergency Immigration Legislation (see in particular pages 534-535, 539-540, 544-545, paying especial attention to the following declaration of Senator Dillingham: "Without calling it that, it is, in fact a selective system; a selective system that grows out of the relative numbers of the nationalities now in this Country").³

Report of Senator Dillingham to accompany H. R. 14461 (Calendar No. 756).⁴ See in particular page 3, from the last paragraph, and, in particular, on page 8: "The Committee are of the opinion that in the present emergency a restriction should be applied to the type

³ 66th Cong., 3d sess., on H. R. 14461.

⁴ S. Rept. 789, 66th Cong., 3d sess.

last described (S. E. Immigration) and are convinced that such a restriction should be accomplished through some measure that will insure a definite effectiveness"; and, on page 9, see the tabular statement in which the immigrant ethnic groups are separated, and, at the bottom of the page, the paragraph, "On the other hand . . ."

See the *Congressional Record* of the 66th session of the Senate, February 19, 1921, and read the statement of Senator Dillingham on the true purposes of the law.

And those purposes, and consequently the intentional discrimination that flows therefrom, are: to favor, by making the computation of the quota on the census of 1910, certain nationalities and on the other hand to restrict the immigration of other nationalities, more particularly those in the group which the Congress defines as coming from the southeast of Europe, among which Italian immigration appears in the same tables laid before the Congress.

And thus have I proved, besides the evident wrong done to Italian immigration, the actual and intentional discrimination which exists in the content and the purpose of the 3 percent law as it has been passed in the House of Representatives and is now awaiting approval of the Senate after being favorably reported from the Committee on Immigration.

The same law violates both the spirit and the letter of the treaty of commerce of 1871^{*} that binds the two nations because it is in conflict with the letter and spirit of the most-favored-nation clause contained in that treaty in Article 24. And the violation is evident when some nations are so openly granted in respect to immigration a favorable treatment which, on the other hand becomes, by operation of the same law, a treatment detrimental to Italian immigration.

Your Excellency will pardon me if my answer has been longer and has gone into further details than my two original notes on the same subject. I have been led thereto by the absolute denial by Your Excellency of my previous assertions; but above all by the desire which I know—as it cannot be otherwise—is shared by the Federal Government, that relations of all kinds between our countries and peoples shall be at every moment imbued with the spirit of justice and friendship which is inherent in the character of our two nations and undeniably is in keeping with our mutual interests.

And I shall conclude with a renewed assurance that I have not in mind any intention of discussing the advisability for the United States to develop a policy of restriction regarding immigration, both because it is a matter that is exclusively one of internal policy for the nation, and because, as I have acknowledged on another occasion, such a policy may find temporary justification in the economic condi-

^{*} Malloy, *Treaties*, 1776-1909, vol. 1, p. 969.

tions and the state of the labor market of the country; but Your Excellency cannot but accord to the representative of Italy the wish and the duty to secure for Italian citizens a treatment which, being equal to that accorded to other nationalities, will be altogether dignified for his country.

And I have given Your Excellency reliable evidence of those sentiments when I spontaneously offered my country's intimate cooperation in bringing into effect, through a reciprocal agreement, rules intended to regulate in the most effective manner the immigration services, even on the basis of a strict occupational selection of Italian emigrants that the labor market here might require, on the basis of the immediate specific needs of its agriculture and industries.

And I indulge the hope that Your Excellency will receive and take into consideration the arguments and thoughts presented in this my note in the same spirit of unalterable cordiality and friendship in which they have been expressed.

I beg [etc.]

V. ROLANDI RICCI

811.111 Quota/166

The Secretary of State to the Italian Ambassador (Ricci)

WASHINGTON, May 18, 1922.

EXCELLENCY: I have the honor to acknowledge the receipt of your note of April 11, 1922, regarding legislation on immigration. I note that you feel that House Joint Resolution 268,* extending the operation of the Immigration Act of May 19, 1921, violates both the spirit and the letter of Article 24 of the Treaty of Commerce and Navigation of 1871.

After considering Article 24 of this Treaty, I have the honor to refer to my note of April 1, 1922, and to repeat that the restrictions imposed by the law do not appear to be discriminatory against Italy or any other country.

Accept [etc.]

CHARLES E. HUGHES

811.111 Quota/257

The Italian Chargé (Rosso) to the Acting Secretary of State

N. 3464

The Royal Chargé d'Affaires of Italy presents his compliments to His Excellency the Acting Secretary of State and has the honor to submit the following to his consideration:

One of the provisions of the Immigration Percentage or Quota Law establishes that aliens arriving in the United States be assigned

* Approved May 11, 1922 (42 Stat. 540).

to the quota of the nation in whose territory they were born, irrespective of the political affiliations of said aliens to any other country.

This Embassy, two years ago and again last year, had the honor, prior to the enactment of the present law and afterwards, to point out to the Department of State the inconveniences which would surely arise from such a provision, which, in the main, deprives our Country of its privilege (a privilege that finds its cause in a national law and its eager enforcement in the national sentiment) to protect adequately its own citizens, helping them, when they desire it, to emigrate to the United States within the limitations of the American Immigration Law and thereby avoid the hardships incident to an eventual rejection and deportation.

The provision in question is, in fact, a law and as such the Royal Government intends to observe it and to comply with it: yet it has been found difficult to learn how the said provision can be properly observed inasmuch as not even the Immigration Officials or the high competent Authorities of the United States Department of Labor seem to be able to indicate the proper way of doing so.

And in the meantime Italian citizens, otherwise admissible, are every day rejected and ordered deported merely because the *monthly* quota of the nation (outside of Italy) in which they incidentally or accidentally happened to have been born, is exhausted when they arrive at a port of the United States. Now, it is possible, with the almost daily information which the Emigration Service of the Royal Embassy cables to the Home Office in Rome, to foresee the exhaustion of the yearly quota of some nations, but it is practically impossible to foretell, when an Italian immigrant leaves Italy, if the monthly quota of the nation where the immigrant happens to have been born and whose yearly quota is still active, will be exhausted by the time the immigrant arrives in the United States.

As an illustration the Italian Chargé d'Affaires has the honor to quote the case of a girl by the name Anna De Bartolo who arrived a few days ago in Boston, Massachusetts on the steamer *Arabic* with the avowed purpose of marrying upon arrival an Italian young man to whom she had been engaged for about two years. This girl, the bearer of an Italian passport, was born of Italian parents while they were temporarily in Greece. At the time when she reached Boston the monthly quota of Greece had been exhausted while the yearly quota for that Country still remained active; but all efforts to have this young woman admitted proved vain and she was rejected and ordered deported.

The Royal Emigration Service then asked the Labor Department if, in view of the existence of a law which affects Italian citizens, it was not its privilege to be informed of the manner in which said

law could be complied with, adding that in the opinion of this Royal Embassy a law which is not workable lacks the basic elements of existence. But the high officials of the Department answered with their usual kindness that they were sorry, but that they did not know how this provision of the law could be observed from the other side and that immigrants from Italy had to "take a chance" with the immigrants of the nation in which they were born, regardless of their Italian citizenship.

The Chargé d'Affaires of Italy feels confident that the Department of State will agree that in the matter of a law having an international reach and involving the interests and welfare of citizens of a friendly nation, it seems surprising that the element of "chance" should govern; and that the Department will also concede that, while it is the duty of the friendly countries affected by the law to protect their emigrating citizens and at the same time to adequately respect the foreign immigration law, the application of the law on one side and the observance of the same on the other should not be the results of mere accidents.

Therefore, on behalf of Italian citizens emigrating to the United States whom the Royal Government wishes to assist to observe, under proper conditions, the United States law, the Chargé d'Affaires of Italy begs to ask that the way to meet favorably these conditions be clearly indicated.

The Secretary of State will remember that it was the Emigration Service' suggestion,—while the inconveniences to arise from the provision in question were foreseen, and later when the law was being enforced and the said inconveniences did actually arise—that the law be modified and that the *passport*, not the place of birth, be the element on which to establish the assignment of aliens to their respective national quotas. While making this suggestion it was explained that the course proposed would not change the numerical and ethnological composition of the quotas and while it would offer to the Emigration countries a simple and efficient system of fulfilling their duties towards meeting the requirements of the United States Law, it would also greatly simplify the work of the American Immigration Officials.

If it is possible for the emigration countries to foresee, to know in time the exhaustion of the annual quotas of other nations, it is on the other hand virtually impossible for them to know anything about the eventual closing of the monthly quotas of other nations when the citizens of the former reach the American ports.

There is then a clear evidence that the law as it now is does not permit a just and sure application and the Chargé d'Affaires has therefore the honor to respectfully ask the Department of State

whether there is not a way to have the inapplicable provision amended out of simple fairness and logic.

It is remembered that when the law was voted by the Congress it was said in both the Senate and the House that the rules would have been modified gradually when they would prove to be inefficient or unworkable. Has not an evident case of inapplicability been pointed out?

The Italian Embassy is not asking for any favor or privilege but merely to be put in a position to comply with the United States law and to spare to Italian citizens hardships which so far it is not possible to foresee or avoid.

Before closing, the Chargé d'Affaires takes the liberty of submitting, by way of analogy, the case of Italian citizens from the island of Rhodes, politically Italian, who as such can obtain no passport nor other guidance while emigrating to the United States, than from Italy. And the Chargé d'Affaires begs to re-iterate the request made last year by the Italian Embassy to the Department of State (see Embassy's note of Dec. 17th, 1921¹) to have Rhodes considered for the purposes of the United States Immigration Law, as Italian territory; the inhabitants of the island admissible under the Italian quota; the Italian passport to give them the right to be included in such quota. In fact a number of Rhodites is now facing deportation because the quota "Other Asia" to which the Rhodes group seems to have been assigned, is exhausted.

WASHINGTON, September 13, 1922.

811.111 Quota/257

The Secretary of State to the Italian Chargé (Rosso)

The Secretary of State presents his compliments to the Royal Chargé d'Affaires *ad interim* of Italy, and has the honor to acknowledge the receipt of his note of September thirteenth, 1922, having further reference to the provision of the restrictive Immigration Act of May 21[19], 1921,² which requires that nationality shall be determined by country of birth, and inquiring whether there is not a way to have this provision amended so that the passport and not the place of birth may be the element on which to establish the assignment of aliens to their respective national quotas.

The Secretary of State informs the Chargé that, as the method of determining the nationality of an alien for quota purposes is spe-

¹ Not printed.

² 42 Stat. 5. Act extended until June 30, 1924, by joint resolution of May 11, 1922 (42 Stat. 540).

cifically stipulated in the Act of Congress above mentioned, a strict adherence to this provision is mandatory. The question of future amendments to this law will have consideration at the appropriate time.

WASHINGTON, October 6, 1922.

811.111 Quota/338 : Telegram

The Chargé in Italy (Gunther) to the Secretary of State

[Paraphrase]

ROME, December 2, 1922—2 p.m.

[Received 5:40 p.m.]

240. Already Mussolini has indicated to me that he is anxious to have an increase in the quota of immigrants from Italy into the United States. He spoke of the possibility that emigrants might be selected to suit the needs of the United States and indicated that he hoped to have the number increased to 100,000 annually. As I suggested in my despatch 508, November 18, pages 3 and 4,^o the Italian Government will inevitably turn to increased immigration in order to decrease the amount of unemployment which is sure to grow with the carrying out of Mussolini's program for a reduction in the numbers employed in the public services, Fascisti units, and armed forces. It may well be that Italian immigration will become the most important subject in the relations between Italy and the United States.

I would therefore suggest that if possible before the new Italian Ambassador brings up this question, I be given an instruction, even if it is premature, to say nothing more than that this problem is a matter of concern to you also. Mussolini is distinctly friendly in his attitude toward us.

GUNTHER

811.111 Quota/338 : Telegram

The Secretary of State to the Chargé in Italy (Gunther)

[Paraphrase]

WASHINGTON, December 13, 1922—6 p.m.

185. Embassy's 240, December 2, 2 p.m. The Department understands the importance which Mussolini's Government attaches to the subject of Italian immigration into this country.

^o Not printed.

The Department will keep you fully informed with respect to any representations which the new Italian Ambassador may make on this question.

HUGHES

**FAILURE TO SECURE RATIFICATION OF THE CABLE AGREEMENT
BETWEEN THE UNITED STATES, GREAT BRITAIN, AND ITALY,
SIGNED AT THE PRELIMINARY COMMUNICATIONS CONFERENCE
OF 1920**

(See volume I, pages 538 ff.)

JAPAN

CANCELATION OF THE LANSING-ISHII AGREEMENT OF NOVEMBER 2, 1917¹

*Message of President Harding to the Senate, March 8, 1922*²

TO THE SENATE:

I have received the resolution (S. Res. 251) requesting me, if not incompatible with the public interest—

to advise the Senate as to the present status and binding effect of what is known as the Lansing-Ishii agreement between the United States and the Empire of Japan.

Secondly, as to whether or not the four-power pact,³ now before the Senate for consideration, if ratified, will abrogate, nullify, or in any way modify such agreement; and as to what will be the status of said agreement after the ratification of said four-power pact.

The so-called Lansing-Ishii agreement, signed November 2, 1917, was not a treaty, but was an exchange of notes between the Secretary of State of the United States and Viscount Ishii, ambassador extraordinary and plenipotentiary of Japan on special mission. It was described in the notes themselves as a public announcement of the desires and intentions shared by the two Governments with regard to China. This exchange of notes, in the nature of things, did not constitute anything more than a declaration of Executive policy. It is hardly necessary to point out that such a declaration, or exchange of notes, could not have any effect whatever inconsistent with treaty obligations whether existing or thereafter coming into force.

The statement in the notes in question which apparently called forth your resolution is as follows:

The Governments of the United States and Japan recognize that territorial propinquity creates special relations between countries, and, consequently, the Government of the United States recognizes that Japan has special interests in China and particularly in the part to which her possessions are contiguous.

¹ For text of agreement, see *Foreign Relations*, 1917, pp. 264-265.

² Printed from S. Doc. No. 150, 67th Cong., 2d sess.

³ See vol. I, p. 33.

In the light of the other declarations of the notes in question, it has been the view of the Government of the United States that this reference to special interests in China did not recognize any right or claim inconsistent with the sovereignty or political independence of China or with our "open-door" policy.

That this was not an erroneous construction appears from the meaning ascribed to the phrase "special interests in China," which is found in the final statement made on behalf of Japan at the recent conference. (S. Doc. No. 126, 67th Cong., 2d sess., p. 223.) The phrase was interpreted to mean that propinquity gave rise to an interest differing only in degree, but not in kind, as compared with the interests of other powers. It was said to intimate "no claim or pretension of any kind prejudicial to China or to any other foreign nation" and not to connote "any intention of securing preferential or exclusive economic rights in China."

Happily, as a result of the conference, it is not now necessary to consider any possible ambiguity in the expressions used in the Lansing-Ishii agreement of 1917, as any question which they might have raised has been completely set at rest by the treaty, now before the Senate, to which the United States and Japan are parties. I refer to the treaty between the nine powers, which explicitly sets forth the principles and policies to be maintained by the signatory powers in relation to China.⁴

It is thus agreed to respect the sovereignty, the independence, and the territorial and administrative integrity of China; to provide the fullest and most unembarrassed opportunity to develop and maintain for herself an effective and stable government; to use their influence for the purpose of effectually establishing and maintaining the principle of equal opportunity for the commerce and industry of all nations throughout the territory of China; to refrain from taking advantage of conditions in China in order to secure special rights or privileges which would abridge the rights of subjects or citizens of friendly States, and from countenancing action inimical to the security of such States.

More specifically, the signatory powers agree that they will not seek, nor support their respective nationals in seeking, any arrangement which might purport to establish in favor of their interests any general superiority of rights with respect to commercial or economic development in any designated region of China, or any such monopoly or privilege as would deprive the nationals of any other power of the right of undertaking any legitimate trade or industry in China, or of participating with the Chinese Government or with any local authority, in any category of public enterprise, or

⁴ See vol. I, p. 276.

which by reason of its scope, duration, or geographical extent is calculated to frustrate the practical application of the principle of equal opportunity.

And, further, the signatory powers agree not to support any agreements by their respective nationals with each other designed to create spheres of influence or to provide for the enjoyment of mutually exclusive opportunities in designated parts of Chinese territory.

The negotiation of this treaty is in itself the most formal declaration of the policy of the Executive in relation to China, and supersedes any Executive understanding or declaration that could possibly be asserted to have any contrary import. If the Senate assents to this treaty, the principles and policies which the treaty declares will be supported and enforced by a binding international agreement.

My answer, then, to your first question is that the so-called Lansing-Ishii agreement has no binding effect whatever, either with respect to the past or to the future, which is in any sense inconsistent with the principles and policies explicitly declared in the nine-power treaty to which I have referred.

As to your second question, I may say that the four-power treaty does not refer to China and hence does not directly bear upon the Lansing-Ishii notes which related exclusively to China. The four-power treaty, however, is an essential part of the plan to create conditions in the Far East at once favorable to the policies we have long advocated and to an enduring peace.

WARREN G. HARDING

798.94/1325½

Memorandum by the Secretary of State of a Conversation with the Japanese Ambassador (Shidehara), March 23, 1922

[Extract]

3. *Lansing-Ishii Notes.* The Ambassador said that he had read very carefully the President's message to the Senate with respect to the Lansing-Ishii notes; that he understood that the President had stated that if the notes were inconsistent with the treaties which had been signed, that they no longer would be effective. The Ambassador said that he did not wish to raise any formal question about the matter but that he would like to know whether the view was that the Lansing-Ishii agreement was dead even though it did not conflict with the treaties; that that would involve an important matter for consideration.

The Secretary said that he was wholly opposed to the exchange of notes or memoranda which had any ambiguity; that he had al-

ways regretted that the Lansing-Ishii notes had been exchanged because they were so expressed as to give rise to questions and indeed in anticipation of this, as the Ambassador knew, there were certain confidential memoranda made at the time the notes were exchanged. The Secretary said that he did not approve of that course, as he believed that the way to maintain friendly relations with another country was to have all the exchanges free from ambiguity and understood in the same sense in both countries.

The Secretary said that he understood that Japan did not claim any special interest in China in the sense that it had an interest different in kind from that of the other Powers; that the Lansing-Ishii notes could be construed to mean that special interests merely referred to a difference in degree in the sense that Japan was dependent for the importation of raw materials that it needed and upon certain trade; but not that Japan had any interest special in kind which was in derogation of the sovereignty and independence of China or inconsistent with the "open-door" policy.

The Secretary added that he was much gratified when the Ambassador, at the close of the Conference, had stated the position of Japan substantially in this way; that the Secretary had listened to his remarks, which doubtless he had noticed were quoted by the President in his recent message to the Senate, with the deepest interest, for the Secretary supposed that the Ambassador would not make such a statement at the close of the Conference except with the cognizance of his Government and that he was taking pains to remove from the American Government any apprehension as to an interpretation of the Lansing-Ishii notes which would be in the slightest degree inconsistent with the treaties which were under consideration and the principles which had been adopted at the Conference.

The Ambassador did not indicate any dissent from this but said that of course the Lansing-Ishii notes could not be effective if inconsistent with the treaties and that it would be a different thing to say that they were dead altogether even if they were not inconsistent with the treaties. The Ambassador intimated that it might be well to have an understanding upon this point.

The Secretary said that he understood that Japan and the United States had definitely agreed upon the principles to be enforced in China in order to avoid all possible misunderstanding; that so far as the Lansing-Ishii notes served any purpose inconsistent with these principles, they could not be regarded as effective; and that if it was desired to treat them as effective for any purpose consistently with the treaties, the Secretary would want to know very precisely what that was, as he did not intend to have any understandings or

enter into any exchanges whatever which would permit any misunderstanding to arise between this Government and Japan in the future. He felt sure that this was the way to maintain cordial relations with Japan, which he was very desirous of having. The Ambassador apparently acquiesced in this view.

793.04/1340a

The Secretary of State to the Japanese Chargé (Saburi)

AIDE MEMOIRE

The Japanese Chargé d'Affaires will recall that at the time of the exchange of notes between Mr. Lansing and Viscount Ishii, on November 2, 1917, there was recorded an understanding between them to the following effect:

“PROTOCOL

“In the course of the conversations between the Japanese Special Ambassador and the Secretary of State of the United States which have led to the exchange of notes between them dated this day, declaring the policy of the two Governments with regard to China, the question of embodying the following clause in such declaration came up for discussion: ‘they (the Governments of Japan and the United States) will not take advantage of the present conditions to seek special rights or privileges in China which would abridge the rights of the subjects or citizens of other friendly states.’

“Upon careful examination of the question, it was agreed that the clause above quoted being superfluous in the relations of the two Governments and liable to create erroneous impression in the minds of the public, should be eliminated from the declaration.

“It was, however, well understood that the principle enunciated in the clause which was thus suppressed was in perfect accord with the declared policy of the two Governments in regard to China.”

This understanding, although never made public, was of course intended by the two Governments to be an integral and inseparable part of the policy jointly declared by them in the notes exchanged between Mr. Lansing and Viscount Ishii.

In the Nine-Power Treaty which on February 6, 1922, the United States and Japan concluded jointly with the other Powers represented in the Conference on the Limitation of Armament, the principles and policies agreed to be observed in relation to China were explicitly formulated. In a message to the United States Senate under date of March 8, 1922 (of which a copy is attached for reference),⁵ transmitting, in response to a Senate Resolution, in-

⁵ See *ante*, p. 501.

formation as to the present status and binding effect of the Lansing-Ishii Agreement, the President had occasion to state that that agreement "has no binding effect whatever, either with respect to the past or to the future, which is in any sense inconsistent with the principles and policies explicitly declared in the Nine-Power Treaty" referred to above.

A resolution adopted by the Conference on the Limitation of Armament at its Fifth Plenary Session on February 1, 1922,^a contained the following provision:

"The Powers represented in this Conference, considering it desirable that there should hereafter be full publicity with respect to all matters affecting the political and other international obligations of China and of the several Powers in relation to China, are agreed as follows:

"1. The several Powers other than China will at their earliest convenience file with the Secretariat General of the Conference for transmission to the participating Powers, a list of all treaties, conventions, exchanges of notes, or other international agreements which they may have with China, or with any other Power or Powers in relation to China, which they deem to be still in force and upon which they may desire to rely. In each case, citations will be given to any official or other publication in which an authoritative text of the documents may be found. In any case in which the document may not have been published, a copy of the text (in its original language or languages) will be filed with the Secretariat General of the Conference."

It would appear that under this resolution there rests upon the Governments of the United States and of Japan an obligation to communicate for the purpose of publicity not only the notes exchanged between Mr. Lansing and Viscount Ishii, but also the hitherto unpublished understanding recorded between them at the time of that exchange, if it be the intention of the two Governments to regard the Lansing-Ishii Agreement as still in force and to be relied on. The question thus arises whether it is the disposition of the Japanese Government to continue that agreement in force by filing it in accordance with the terms of the Resolution above quoted; or whether, in view of the making of the Nine-Power Treaty of February 6 last, the Japanese Government would be disposed to join with the Government of the United States in terminating by mutual consent the existence of the Lansing-Ishii Agreement as a separate understanding between the two Powers.

WASHINGTON, *May 4, 1922.*

^a See *Conference on the Limitation of Armament. Washington, November 12, 1921-February 6, 1922* (Washington, Government Printing Office, 1922), p. 194.

793.94/1403

The Japanese Embassy to the Department of State

MEMORANDUM

By the *Aide-Mémoire* of May 4, 1922, the Honorable the Secretary of State was so good as to inquire the disposition of the Japanese Government with regard to the termination of the effects of the Notes exchanged between Mr. Lansing and Viscount Ishii on November 2, 1917, bearing upon the policy of the two Governments in relation to China. Referring to the unsigned and unpublished understanding which was recorded at the time of that exchange, the *Aide-Mémoire* states that if the so-called Lansing-Ishii agreement should be regarded as still in force and relied upon, the two Governments would be under obligation, in accordance with the terms of the Resolution adopted by the Washington Conference on February 1, 1922, to file with the Secretariat-General of the Conference not only the Notes signed and exchanged, but also the unsigned understanding reached in connection with those notes.

It will be recalled that the Lansing-Ishii correspondence was designed "to silence mischievous reports that have from time to time been circulated." Such popular misgivings seem now happily to have been dispelled, more especially since the Washington Conference. The Japanese Government will therefore gladly agree to the cancellation of the correspondence in question, if that course is preferred by the American Government. At the same time, desiring to prevent any possible misunderstanding which might be created by such cancellation, the Japanese Government think it useful to define the position of Japan relating to China mentioned in the correspondence.

It is the opinion of the Japanese Government that the Notes exchanged between Mr. Lansing and Viscount Ishii contain nothing which is at variance, either in letter or in spirit, with the Nine Power Treaty signed at Washington in enunciation of policies with respect to China. The reference made in those Notes to Japan's special interests in China is but a statement of actual conditions which have developed out of the geographical propinquity of the two Powers.

It is natural and evident that Japan is interested in China to an extent and in a degree not shared by countries more remotely situated,—by reason of the vast amounts of Japanese capital invested in China; by reason of the incomparably larger number of Japanese residents, than those of any other foreign nationality, who have established themselves in various parts of China to carry on lawful

pursuits; and, above all, by reason of the economic existence and national safety of Japan being directly and materially dependent upon the peace and orderly progress of China. In the contemplation of the Japanese Government, it is the recognition of these facts that is recorded in the Lansing-Ishii correspondence.

Nor does such recognition intimate any claim of Japan to special rights or privileges prejudicial to China or to any foreign nation. That Japan has in view no claim of this kind is confirmed by the terms of the correspondence itself, in which the sovereignty, independence and territorial integrity of China, and the principle of the "open door" and equal opportunity are as fully recognized by Japan as by the United States.

The Japanese Government desire to make it clear that Japan's special interests in China in the sense above described exist and will continue to exist, with or without express recognition embodied in diplomatic instruments. The concurrence of the Japanese Government in the cancellation of the Lansing-Ishii correspondence is not to be taken as an indication of a change in the position of Japan relating to China.

The observations made by the American Government on the status of the unpublished understanding mentioned in the *Aide-Mémoire* involve the question, whether such an informal and unsigned understanding should properly be assimilated with "treaties, conventions, exchange of notes or other international agreements" within the meaning of the Resolution adopted by the Washington Conference on February 1, 1922. It will however be unnecessary to consider this question, if the two Governments are to withdraw in mutual accord the Lansing-Ishii correspondence, in connection with which the understanding was recorded.

WASHINGTON, December 27, 1922.

793.94/1408

The Secretary of State to the Japanese Chargé (Saburi)

MEMORANDUM

The Secretary of State is happy to acknowledge the receipt of the memorandum of December 27, 1922, in which the Japanese Chargé d'Affaires communicated the fact that his Government would gladly agree to the cancellation of the correspondence of November 2, 1917, between Mr. Lansing and Viscount Ishii, if that course should be preferred by the American Government, and in connection with a reference to the particular degree of concern in the affairs of China which Japan feels by reason of the relative geographical situations

of the two countries, confirmed the fact that Japan has in view no claim to special rights or privileges prejudicial to China or to any foreign nation.

In view of the more recent and authoritative formulation of principles and policies with respect to China, arrived at in the Washington Conference and incorporated in the conclusions of that Conference, it appears to the American Government that it would be desirable to remove any possibility of ambiguity arising from the phraseology of the Lansing-Ishii notes; and the Secretary of State accordingly agrees that the two Governments should consider the Lansing-Ishii correspondence of November 2, 1917, as cancelled and henceforth of no further force or effect.

WASHINGTON, *January 2, 1923.*

CONVENTION BETWEEN THE UNITED STATES AND JAPAN, FEBRUARY 11, 1922, RELATING TO CERTAIN PACIFIC ISLANDS FORMERLY IN GERMAN POSSESSION*

8021.01/185

The Japanese Ambassador (Shidehara) to the Secretary of State

WASHINGTON, *February 11, 1922.*

SIR: In proceeding this day to the signature of the Convention between Japan and the United States with respect to the islands, under Japan's Mandate, situated in the Pacific Ocean and lying north of the Equator, I have the honor to assure you, under authorization of my Government, that the usual comity will be extended to nationals and vessels of the United States in visiting the harbors and waters of those islands.

Accept [etc.]

K. SHIDEHARA.

8021.01/185a

The Secretary of State to the Japanese Ambassador (Shidehara)

WASHINGTON, *February 11, 1922.*

EXCELLENCY: In proceeding this day to the signature of the Convention between the United States and Japan with respect to former German Possessions under a Mandate to Japan, I have the honor to state that if in the future the Government of the United States should have occasion to make any commercial treaties applicable to Australia and New Zealand, it will seek to obtain an extension of

* For previous correspondence regarding negotiations for this convention, see *Foreign Relations*, 1921, vol. 11, pp. 287 ff.

such treaties to the mandated islands south of the Equator, now under the Administration of those Dominions. I should add that the Government of the United States has not yet entered into a convention for the giving of its consent to the Mandate with respect to these islands.

I have the honor further to state that it is the intention of the Government of the United States, in making conventions, relating to former German territories under mandate, to request that the governments holding mandates should address to the United States, as one of the Principal Allied and Associated Powers, duplicates of the annual reports of the administration of their mandates.

Accept [etc.]

CHARLES E. HUGHES

Treaty Series No. 684

Convention between the United States of America and Japan, Signed at Washington, February 11, 1922¹

THE UNITED STATES OF AMERICA AND JAPAN;

Considering that by Article 119 of the Treaty of Versailles, signed on June 28, 1919, Germany renounced in favor of the Powers described in that Treaty as the Principal Allied and Associated Powers, to wit, the United States of America, the British Empire, France, Italy and Japan, all her rights and titles over her oversea possessions;

Considering that the benefits accruing to the United States under the aforesaid Article 119 of the Treaty of Versailles were confirmed by the Treaty between the United States and Germany, signed on August 25, 1921, to restore friendly relations between the two nations;²

Considering that the said four Powers, to wit, the British Empire, France, Italy and Japan, have agreed to confer upon His Majesty the Emperor of Japan a mandate, pursuant to the Treaty of Versailles, to administer the groups of the former German Islands in the Pacific Ocean lying north of the Equator, in accordance with the following provisions:

"Article 1. The islands over which a Mandate is conferred upon His Majesty the Emperor of Japan (hereinafter called the Mandatory) comprise all the former German islands situated in the Pacific Ocean and lying north of the Equator.

"Article 2. The Mandatory shall have full power of administration and legislation over the territory subject to the present Mandate

¹ Ratification advised by the Senate, Mar. 1, 1922; ratified by the President, June 2; ratified by Japan, June 28; ratifications exchanged at Washington, July 13; proclaimed, July 13.

² *Foreign Relations*, 1921, vol. II, p. 29.

as an integral portion of the Empire of Japan, and may apply the laws of the Empire of Japan to the territory, subject to such local modifications as circumstances may require.

The Mandatory shall promote to the utmost the material and moral well-being and the social progress of the inhabitants of the territory subject to the present Mandate.

"Article 3. The Mandatory shall see that the slave trade is prohibited and that no forced labour is permitted, except for essential public works and services, and then only for adequate remuneration.

The Mandatory shall also see that the traffic in arms and ammunition is controlled in accordance with principles analogous to those laid down in the Convention relating to the control of the arms traffic, signed on September 10th, 1919,^{*} or in any convention amending same.

The supply of intoxicating spirits and beverages to the natives shall be prohibited.

"Article 4. The military training of the natives, otherwise than for purposes of internal police and the local defence of the territory, shall be prohibited. Furthermore, no military or naval bases shall be established or fortifications erected in the territory.

"Article 5. Subject to the provisions of any local law for the maintenance of public order and public morals, the Mandatory shall ensure in the territory freedom of conscience and the free exercise of all forms of worship, and shall allow all missionaries, nationals of any State Member of the League of Nations, to enter into, travel and reside in the territory for the purpose of prosecuting their calling.

"Article 6. The Mandatory shall make to the Council of the League of Nations an annual report to the satisfaction of the Council, containing full information with regard to the territory, and indicating the measures taken to carry out the obligations assumed under Articles 2, 3, 4, and 5.

"Article 7. The consent of the Council of the League of Nations is required for any modification of the terms of the present mandate.

The Mandatory agrees that, if any dispute whatever should arise between the Mandatory and another member of the League of Nations relating to the interpretation or the application of the provisions of the Mandate, such dispute, if it cannot be settled by negotiation, shall be submitted to the Permanent Court of International Justice provided for by Article 14 of the Covenant of the League of Nations";

Considering that the United States did not ratify the Treaty of Versailles and did not participate in the agreement respecting the aforesaid Mandate;

Desiring to reach a definite understanding with regard to the rights of the two Governments and their respective nationals in the aforesaid islands, and in particular the Island of Yap, have resolved to conclude a Convention for that purpose and to that end have named as their Plenipotentiaries:

^{*} *Ibid.*, 1920, vol. I, p. 180.

The President of the United States of America: Charles Evans Hughes, Secretary of State of the United States; and

His Majesty the Emperor of Japan: Baron Kijuro Shidehara, His Majesty's Ambassador Extraordinary and Plenipotentiary at Washington;

Who, after having communicated to each other their respective full powers, found to be in good and due form, have agreed as follows:

ARTICLE I

Subject to the provisions of the present Convention, the United States consents to the administration by Japan, pursuant to the aforesaid Mandate, of all the former German Islands in the Pacific Ocean, lying north of the Equator.

ARTICLE II

The United States and its nationals shall receive all the benefits of the engagements of Japan, defined in Articles 3, 4 and 5 of the aforesaid Mandate, notwithstanding the fact that the United States is not a Member of the League of Nations.

It is further agreed between the High Contracting Parties as follows:

(1) Japan shall insure in the islands complete freedom of conscience and the free exercise of all forms of worship which are consonant with public order and morality; American missionaries of all such religions shall be free to enter the islands and to travel and reside therein, to acquire and possess property, to erect religious buildings and to open schools throughout the islands; it being understood, however, that Japan shall have the right to exercise such control as may be necessary for the maintenance of public order and good government and to take all measures required for such control.

(2) Vested American property rights in the mandated islands shall be respected and in no way impaired;

(3) Existing treaties between the United States and Japan shall be applicable to the mandated islands;

(4) Japan will address to the United States a duplicate of the annual report on the administration of the Mandate to be made by Japan to the Council of the League of Nations;

(5) Nothing contained in the present Convention shall be affected by any modification which may be made in the terms of the Mandate as recited in the Convention, unless such modification shall have been expressly assented to by the United States.

ARTICLE III

The United States and its nationals shall have free access to the Island of Yap on a footing of entire equality with Japan or any other nation and their respective nationals in all that relates to the landing and operation of the existing Yap-Guam cable or of any cable which may hereafter be laid or operated by the United States or by its nationals connecting with the Island of Yap.

The rights and privileges embraced by the preceding paragraph shall also be accorded to the Government of the United States and its nationals with respect to radio-telegraphic communication; provided, however, that so long as the Government of Japan shall maintain on the Island of Yap an adequate radio-telegraphic station, cooperating effectively with the cables and with other radio stations on ships or on shore, without discriminatory exactions or preferences, the exercise of the right to establish radio-telegraphic stations on the Island by the United States or its nationals shall be suspended.

ARTICLE IV

In connection with the rights embraced by Article III, specific rights, privileges and exemptions, in so far as they relate to electrical communications, shall be enjoyed in the Island of Yap by the United States and its nationals in terms as follows:

(1) Nationals of the United States shall have the unrestricted right to reside in the Island, and the United States and its nationals shall have the right to acquire and hold on a footing of entire equality with Japan or any other nation or their respective nationals all kinds of property and interests, both personal and real, including lands, buildings, residences, offices, works and appurtenances.

(2) Nationals of the United States shall not be obliged to obtain any permit or license in order to be entitled to land and operate cables on the Island, or to establish radio-telegraphic service, subject to the provisions of Article III, or to enjoy any of the rights and privileges embraced by this Article and by Article III.

(3) No censorship or supervision shall be exercised over cable or radio messages or operations.

(4) Nationals of the United States shall have complete freedom of entry and exit in the Island for their persons and property.

(5) No taxes, port, harbour, or landing charges or exactions of any nature whatsoever, shall be levied either with respect to the operation of cables or radio stations, or with respect to property, persons or vessels.

(6) No discriminatory police regulations shall be enforced.

(7) The Government of Japan will exercise its power of expropriation in the Island to secure to the United States or its nationals needed property and facilities for the purpose of electrical communications if such property or facilities cannot otherwise be obtained.

It is understood that the location and the area of land so to be expropriated shall be arranged between the two Governments according to the requirements of each case. Property of the United States or of its nationals and facilities for the purpose of electrical communication in the Island shall not be subject to expropriation.

ARTICLE V

The present Convention shall be ratified by the High Contracting Parties in accordance with their respective constitutions. The ratifications of this Convention shall be exchanged in Washington as soon as practicable, and it shall take effect on the date of the exchange of the ratifications.

IN WITNESS WHEREOF, the respective Plenipotentiaries have signed this Convention and have hereunto affixed their seals.

DONE in duplicate at the City of Washington, this eleventh day of February, one thousand nine hundred and twenty-two.

CHARLES EVANS HUGHES [SEAL]

K. SHIDEHARA [SEAL]

RULING BY THE DEPARTMENT OF LABOR HOLDING ILLEGAL THE ENTRY OF "PICTURE BRIDES" INTO THE UNITED STATES¹⁰

711.94/427

*The Japanese Embassy to the Department of State*¹¹

In connection with a report that the Department of Labor made a new ruling (communicated to the immigration authorities in Hawaii under date of April 22, 1922), to the effect that the so-called "picture marriage" is illegal in the light of the Immigration Laws of the United States and that thus Japanese "picture brides" coming to Hawaii shall not be exempted from the illiteracy test, information on the following points is desired:

1. Circumstances under which the new ruling has been established.
2. Is the new ruling applicable without distinction to picture brides and to women married under a similar system, coming from all foreign countries?

¹⁰ For previous correspondence concerning "picture brides", see *Foreign Relations*, 1918, vol. II, pp. 415 ff.

¹¹ Left at the Department, May 27, 1922, by the Japanese Chargé d'Affaires.

711.94/432

The Department of State to the Japanese Embassy

MEMORANDUM

Referring to the memorandum from the Japanese Embassy in which inquiry was made in regard to a recent ruling of the Department of Labor to the effect that the so-called "picture marriage" is illegal in the light of the immigration laws of the United States, the Department of State has been informed that the Department of Labor, under date of April 22, 1922, promulgated a decision on the principle involved in the recognition of so-called "proxy marriages", or marriages performed where one of the principals is in the United States and the other in a foreign country, and it has held that such marriages can not be recognized as valid for purposes of our immigration laws. This ruling the Department of State understands is applicable to all races and nationalities.

WASHINGTON, *July 17, 1922.*

LIBERIA

FAILURE OF THE LOAN PLAN OF 1921 TO RECEIVE THE SANCTION OF THE AMERICAN CONGRESS¹

.882.51/1370b

The Secretary of State to President Harding

WASHINGTON, *January 4, 1922.*

MY DEAR MR. PRESIDENT: The Legislature of Liberia convened on December 5. President King, who with his fellow commissioners arrived at Monrovia on the U. S. S. *Denver* on December 3, has doubtless already made public the details of the financial plan for aiding Liberia which was signed at Washington on October 28,² and it seems likely that foreign interests not in favor of the plan will endeavor to obstruct it unless by timely action on the part of this Government, the loan provided for in the plan is made available at an early date. I do not wish to take any further steps in the matter until I have first laid it before you, thinking that you may prefer yourself to address the Senate Finance Committee and point out the necessity for prompt action.

It is incumbent upon us not to lose time because when this Government consented to receive the Liberian Commission, which was in the Autumn of 1920, the Liberian Government was informed that it was expected that a definite agreement could be reached which would be put into force without delay.³ Because of the time consumed in perfecting the plan, Liberia, in order to meet current expenses, has been forced to have recourse to the Bank of British West Africa. This Bank which has made certain advances states its determination to make no further advances after the present credits are exhausted, which will be about the first of March, 1922. After that date all Liberian revenues must go to the international receivership and to the Bank of British West Africa, and the Government will have nothing whatever with which to provide for its administrative expenses.

¹ For previous correspondence regarding the Loan Plan, see *Foreign Relations*, 1921, vol. II, pp. 363 ff.

² *Ibid.*, p. 370.

³ *Ibid.*, 1920, vol. III, p. 108.

I enclose herewith a memorandum intended to show that Congress should without delay make available to Liberia the credit of \$5,000,000 contemplated in the loan plan.

Faithfully yours,

CHARLES E. HUGHES

[Enclosure]

Memorandum on the Necessity to Reestablish Promptly the Credit of \$5,000,000 for the Republic of Liberia

In appreciating the moral obligation of the Government of the United States to the Republic of Liberia, it should be pointed out that upon the entrance of the United States into the world war, Liberia made common cause with this country and the Allies against Germany. It was largely in consequence of this participation that the economic situation of Liberia was imperilled and that her Government was compelled to appeal for financial aid. In these circumstances the United States gave assurance that it would come to her relief as it had come to the relief of other nations fighting against Germany. Accordingly a loan credit of \$5,000,000 was extended by the Secretary of the Treasury on September 9, 1918,⁴ under the authority of the Act of April 24, 1917 "to authorize an issue of bonds to meet expenditures for the national security and defense and for the purpose of assisting in the prosecution of the war to extend credits to foreign governments and for other purposes." On September 12, 1918,⁴ the Government of Liberia was notified of the opening of this credit and negotiations were initiated covering the terms, service and general purposes of the loan. The plan drawn up was intended to safeguard the money so advanced by American administration of expenditures and collection of revenues, and also to provide for repayments of all monies due other foreign creditors, and thus cause their withdrawal from participation in the financial and other public affairs of Liberia. The Governments interested were informed of the opening of this credit, but for various reasons the loan plan was not submitted to the Liberian Government until June 15, 1920. The Liberian Legislature requested certain modifications in the loan plan, but it was clearly understood, both by the Liberian Government and by the Government of the United States that there was no question of withdrawal of the offer of the money already promised, the time when the credit should be made available merely depending upon the conclusion of a satisfactory agreement as to details of administration.

Replying [*relying*] on the assurance that the United States was ready to enter into a definite agreement, the President of Liberia

⁴ See *ibid.*, 1918, p. 537.

came to Washington some time ago with other plenipotentiaries to conclude the negotiations. In anticipation of this journey and at the request of this Government, the Liberian Government gave to him and his associates full and necessary authority to conclude the loan plan. The negotiations were brought to a successful issue and the plan was signed on October 28, 1921, whereupon the President of Liberia with his fellow commissioners returned to Liberia.

The Legislature of Liberia has been in session since December 5, 1921. President King has no doubt laid the loan arrangement before that body. The loan terms and provisions are, therefore, now publicly known throughout Liberia and in those European countries interested in Liberian affairs.

An examination of the course of the negotiations produces the conviction that commitments have been made by this Government which impose a moral obligation to make the loan. The broad authority conferred in connection with the prosecution of the war, was adequate to the consummation of the plan, but the fact that this authority may not be deemed longer to exist, while making it impossible to proceed without congressional sanction, does not change the fact that assurances were given which should be made good. In view of these circumstances and of the obligation to which they give rise, to which this Government cannot fail to be sensitive, it is not necessary to dwell upon the fact that the extension of the loan is imperative. And now that the loan plan has been signed and carries the same implications as the earlier publicly-announced commitment, it is plainly to be seen that on all moral grounds the credit of \$5,000,000 for Liberia must be reestablished. The situation is one which calls for immediate and appropriate action.

This Government should reestablish the Liberian credit not only because its honor is engaged but for other reasons as well. From the standpoint of our interest in the Negro race, of our traditional friendship for Liberia, of the proper protection and assistance of American trade, and of the new trade routes of the American merchant marine on the West Coast of Africa, it is essential.

In order to complete these statements and to throw light upon other factors in the situation, the following considerations are detailed to show the necessity for the reestablishment of the credit.

1. The close relation which the prosperity of Liberia has to all that pertains to the advancement of the Negro race makes the situation of that Government a subject of vivid and constant concern. At this critical time in Liberia's history we have opportunity to give a practical expression of our continued solicitude by coming to her aid in her present severe exigency. The reestablishment of the credit would demonstrate the real interest our Government has

always felt in the welfare of the Negro and remove the unfavorable impression which has come about in the Negro population of the United States on account of the withdrawal, for technical reasons, of the credit established during the war.

2. The Republic of Liberia had its origin in the efforts of American citizens. Liberia was founded by men who were sent to West Africa by the American Colonization Society with funds supplied by Americans. The movement was assisted by President Monroe, Henry Clay, and other prominent citizens. The Liberian Declaration of Independence, its Constitution, flag, coinage, etc., are replicas of those of the United States and nowhere in the world is there a foreign government built so closely upon the model of the United States. Liberia's capital, Monrovia, is named for an American President and many of its towns bear American names. Liberia has at various times sought the aid and counsel of the United States which up to the present have always been freely given.

3. The loan to Liberia is of great importance for the protection and assistance of American commercial interests in West Africa. Liberia (which is about the size of the State of Ohio) is immensely rich in natural resources but this wealth is in the interior and almost entirely unexploited. It has the richest palm forests in Africa. It has minerals, hardwoods, coffee, cocoa, gold and diamonds. With but little expenditure roads would make these resources available—only two or three hundred miles would be required—and Liberia would become not only self-supporting but rich.

4. Palm oil, Liberia's greatest product, has become in Europe an essential raw material, almost as important as petroleum. It is used for the manufacture of soap, glycerine, edible oils and in the steel and tin plate industry. The United States has no independent source of supply of palm oil and now that it also is becoming an extensive user of such oil, our importers find that they can obtain it only through firms in London, Liverpool, Antwerp and other European ports where it is received from the British and Belgian colonies in Africa. Liberia could be a vast and independent source of supply for American manufacturers.

5. Liberian ports are now the only ones on the West African coast where American ships may operate without discriminatory competition and where they may readily obtain the necessary labor to work their ships along the coast. The location of Liberia is such that in the future it will be of great value as a coaling and oil station not only for our merchant marine but for our Navy. It lies along the great north and south trade routes and the Liberian Government is anxious to have a coaling station established there.

6. In any effort made by American cable and radio companies to expand their business along the West African coast, Liberia is the

only point at which they may now establish themselves with the assurance of the support and cooperation of the local authorities. Indeed, the Liberian Government now desires to interest the American Government or an American private concern in taking over and operating the former German wireless station and cable at Monrovia.

7. Liberia's financial embarrassment, while directly due to the war, is also traceable to the encroachment of the British and French interests. One-third of the territory attributed to Liberia in 1892, has since been lost by the Liberian Government and joined to the British Colony of Sierra Leone on one side or to the French Colony of the Ivory Coast on the other. At times when this Government was not able to give to Liberian matters the attention they merited (shortly after the Civil War and again in 1906), the Liberian Government was furthermore induced by British capitalists to accept loans for public improvements under such terms and provisions that only a small percentage of the proceeds became actually available for use, so that, in 1909, Liberia found itself indebted to the extent of more than a million dollars. President Roosevelt recognized the need for action and sent a Commission to Liberia in the early part of that year and brought about an arrangement by which American bankers agreed to make an advance of \$1,700,000 upon the security of the customs revenues to meet Liberia's needs. An International Receivership was set up composed of an American, a Britisher, a Frenchman, and a German, which has never operated successfully enough to afford the necessary relief.*

8. This ineffectual receivership must now be replaced by some effective and capable control. The crisis in the economic and financial affairs of Liberia precipitated by her participation in the war diminished her revenues by more than two-thirds and the salaries of her government officials were, with their consent be it said, cut to less than one-half what they were in 1914. Obviously such a situation cannot go on. It seems quite evident that without assistance it will be impossible for the Government to attain solvency or for the Republic to recover its stability.

9. Failure to grant the credit desired will compel Liberia to turn to other sources for the financial aid which it must find at once. If it does so whatever there is of advantage in the Liberian situation will be secured by the country making the loan. Liberia desires, as she has shown by signing the loan plan, to obtain her funds from America from which source she has received the most disinterested advice and counsel. Liberia has become accustomed to the supervision of her finances by Americans who have been employed

* See *Foreign Relations*, 1910, pp. 694-711; *ibid.*, 1911, pp. 342-347; and *ibid.*, 912, pp. 667-701.

under the International Receivership as officials by the Liberian Government. It seems quite within the nature of the case, therefore, that Americans should take hold of the present situation and aid Liberia in solving her difficulties. Failure to do so would be a species of desertion and it is doubtful whether the financial equilibrium of the country would ever be restored. The extent to which American prestige will thereby be impaired needs only to be mentioned to be appreciated.

10. The granting of a credit of \$5,000,000 to Liberia will enable the United States to make good its moral obligation, to live up to its historical obligation, to safeguard the commercial interests of the two countries and to demonstrate the sincerity of its interest in Negro affairs. It should enable Liberia, under American supervision, to refund its entire indebtedness, to reorganize its finances and to make the public improvements upon which the increase in public revenues will depend. Under the plan agreed upon the revenues are confidently expected within three years to amount to more than \$600,000 per annum, a sum not only ample to meet the current expenses of the Government but to assure the payment of the principal and interest of the loan. Since the public revenues are pledged in their entirety as security for the loan, it would seem that on a purely financial basis the loan is a sound business proposition.

882.51/1377 : Telegram

The Secretary of State to the Minister in Liberia (Johnson)

WASHINGTON, January 30, 1922—5 p.m.

4. Deliver following to President King—"I thank you for your message received January 26th¹ informing me that loan agreement has been approved by Liberian legislature without amendment.² The matter is pending in Congress and I trust that favorable action will soon be taken."

HUGHES

882.51/1454

The Minister in Liberia (Johnson) to the Secretary of State

No. 20

MONROVIA, February 8, 1922.

Diplomatic

[Received March 21.]

SIR: I have the honor to transmit herewith for the information of the Department a communication which the Legation has re-

¹ Not printed.

² The agreement was approved Jan. 23.

cently received from H. F. Worley, Esquire, General Receiver of Customs and Financial Adviser of Liberia, dated February, 2, 1922,⁹ relative to the transmission of 7000 pounds sterling on January, 25, 1922, and 1500 pounds sterling on December [January], 31, 1922, to the Joint City and Midland Bank to the credit of the National City Bank of New York, fiscal agents of the Liberian loan for the account of interest.

With reference to this communication it will be noted that the General Receiver is desirous of remitting all money possible before sterling declines and is also desirous of being informed as to how much is needed to pay a second coupon. If the Department could advance such information I am sure it will be appreciated.

I have [etc.]

JOSEPH L. JOHNSON

882.51/1395a : Telegram

The Acting Secretary of State to the Minister in Liberia (Hood)

WASHINGTON, February 21, 1922—6 p.m.

9. You may inform Liberian Government that resolution authorizing proposed loan of \$5,000,000 to Liberia was introduced in Congress February 15th.

FLETCHER

882.51/1485

The Minister in Liberia (Hood) to the Secretary of State

No. 32

Diplomatic

MONROVIA, March 9, 1922.

[Received April 8.]

SIR: I have the honor to transmit herewith for the information of the Department a certain confidential communication dated February, 23, 1922,¹⁰ from H. F. Worley, Esquire, General Receiver of Customs and Financial Adviser of Liberia, relative to certain large orders for materials and implements being placed in England and the United States on Account of the Liberian Frontier Force.

With reference to this confidential communication it is understood by the Legation that the General Receiver of Customs and Financial Adviser desires the Department's advice on the matter of payment for said materials and implements.

I have [etc.]

SOLOMON PORTER HOOD

⁹ Not found in Department files.

¹⁰ Not printed.

882.51/1458

The British Ambassador (Geddes) to the Secretary of State

No. 195

WASHINGTON, *March 16, 1922.*

SIR: In compliance with instructions received from my Government I have the honour to draw your attention to certain conditions of the proposed loan from the Government of the United States to the Government of Liberia which are the cause of some concern to His Majesty's Government:

Under Article IV of the Loan Agreement the principal and interest of the loan and the amounts required for its service are secured as a charge on all customs revenues payable to the Government of Liberia from the date on which the joint resolution of the United States Congress granting the credit is approved. Under Article I (5) it is provided that the sum of one million six hundred and fifty thousand dollars, or such less amount as may be required, shall be advanced from the proceeds of the new loan for the purpose of redeeming the outstanding bonds of the existing loan. These advances, under the same article, are apparently to be made at such times as shall be determined by the Secretary of State of the United States.

Under the agreement of 1912,¹¹ however, providing for the existing five per cent Liberian loan, it is laid down that this loan is secured as a first charge on all customs received by the republic, whether imposed on exports or imports; on all revenues receivable from the rubber tax and, subject to a charge then existing in favour of the firm of A. Woermann on all revenues receivable from head moneys.

It thus appears that the Loan Agreement concluded between the Liberian Government and the United States Government alienates, in favour of the new loan, the security already pledged for the service of the existing loan, the interest payments of which are, as you are already aware, considerably in arrear. While the security for the existing loan is thus entirely taken away, its redemption is apparently only to take place at the discretion of the United States Government.

In these circumstances I should be grateful if I might be furnished, for the information of His Majesty's Government, with an indication of the intentions of the United States Government in regard to the redemption of the existing loan. It is assumed by His Majesty's Government that, as the security for the rights of the existing bondholders is likely to be alienated without any previous consultation with them, it is the intention of the United States Government that the 1912 five per cent loan shall be paid off immediately on the com-

¹¹ March 7, 1912; not printed.

ing into force of the new Loan Agreement. An assurance on this point from the United States Government would however be much appreciated.

I have [etc.]

(For the Ambassador)

H. G. CHILTON

882.51/1408

*The British Embassy to the Department of State*¹²

AIDE MEMOIRE RESPECTING THE SERVICE OF THE LIBERIAN GOLD LOAN OF 1913 [1912]

The attention of His Majesty's Government has been drawn to the inconvenience caused to the holders of the bonds of this loan by the irregularity of the payment of the coupons. This irregularity is no doubt mainly due to the general deficiency in the revenues of Liberia, but from information received by His Majesty's Government it would appear that the difficulties in respect of the service of this loan have been largely increased by the methods adopted by Mr. Worley. He, it appears, has consistently adopted the practice of allowing funds to accumulate in Liberia and failing to make remittances until a round sum has accumulated, even though a smaller sum would suffice to meet one of the overdue coupons.

The Council of Foreign Bond Holders have specifically complained that although only £800 was required to provide sufficient funds to honour the coupon which was due for payment in July, 1920, no remittance was made by Mr. Worley until £8,000 had accumulated. The Council further complain that although that remittance was received in London on November 6th, 1921, the coupon for July 1920 was not advertised for payment until December 22nd. The serious objections to the practice adopted by Mr. Worley are obvious, but continued representations made to him by His Majesty's Consul-General in Monrovia have failed to produce any satisfactory result, and all attempts to induce Mr. Worley to act in a more business-like way in making his remittances for the service of the loan have been fruitless.

882.51/1454

The Secretary of State to the Minister in Liberia (Hood)

No. 142

WASHINGTON, March 29, 1922.

SIR: The Department has received your Legation's despatch No. 20, dated February 8, 1922, concerning £8500 sterling which the Gen-

¹² A copy of this undated *aide-mémoire* was transmitted to the Legation in Liberia on Apr. 1.

eral Receiver of Customs remitted the latter part of January to The National City Bank of New York, Fiscal Agents of the Liberian refunding loan of 1912.

The fact that the General Receiver remitted £8500 within six days, £7000 on January 25th and £1500 on January 31st, would seem to confirm recent complaints made to the Department that the Receivership held the collections of assigned revenues for unduly long periods, apparently waiting until a large sum had accumulated before making remittances to the Fiscal Agents.

The Department desires you to bring this matter to the attention of the General Receiver and you may say that unless there are justifiable reasons for not doing so, remittances from the assigned revenues for the service of the 1912 loan should be made as nearly as possible in conformity with the terms of the refunding loan agreement which require that the Receivership forward to the Fiscal Agents on the first day of each month during the life of the loan an amount equal to twenty per cent of the gross receipts from the assigned revenues during the preceding month, but never less than eight thousand six hundred dollars United States gold.

As the interest on the 1912 loan is still considerably in arrears, the Receivership should, until these arrears are fully paid, increase the monthly remittances above the sum required by the loan agreement whenever and as much as the state of the assigned revenues will permit.

I am [etc.]

CHARLES E. HUGHES

882.51/1453

The Secretary of State to the British Ambassador (Geddes)

WASHINGTON, April 5, 1922.

EXCELLENCY: I have the honor to acknowledge the receipt of your note No. 195, dated March 16, 1922, in which my attention is drawn to certain provisions in the agreement regarding the proposed loan by the Government of the United States to the Government of Liberia which relate to the redemption of the outstanding bonds of the 5% Sinking Fund Gold Loan of 1912.

It is believed that the interests of the bond holders of the 1912 loan are fully protected by the provisions of the new loan plan and it is the desire and intention of this Government that they shall suffer no inconvenience on account of the coming into operation of the provisions of the new plan. It is also considered proper that appropriate steps be taken, pursuant to the provisions of the loan plan, to facilitate the redemption of the bonds of the 1912 loan as soon as the

necessary arrangements can be made after the new plan becomes operative.

Accept [etc.]

CHARLES E. HUGHES

882.51/1472 : Telegram

The Minister in Liberia (Hood) to the Secretary of State

MONROVIA, April 15, 1922—7 p.m.

[Received April 16—12:12 a.m.]

16. [From President King]:

The financial situation anticipated in my letter of November 8th, 1921,¹⁸ now confronts this Government. The credit limit under bank agreement will be definitely reached in April, current, the exact balance of credit being to date \$11,514. The bank seems apprehensive of the uncertainty of time when loan plan will become operative and is therefore unwilling to extend further credit unless upon some definite security additional to that provided in their present agreement with this Government. Moreover, the uncertainty as to when the loan plan will receive congressional sanction causes political uneasiness and increases opposition against the administration because of a situation over which at present we have no control. Considering these grave circumstances it is my duty to request the early good offices of your Government regarding the subject of my letter aforesaid to which your Department made a very friendly reply. Furthermore in order to obviate any serious political friction generally or specifically against the administration some definite expression is urgently requested of your Government as to when the loan plan may be expected to receive congressional sanction. King, President, R. L.

Hood

882.51/1465

The Secretary of State to the Minister in Liberia (Hood)

No. 147

WASHINGTON, April 22, 1922.

SIR: The Department has received your despatch No. 32, Diplomatic, dated March 9, 1922, transmitting a letter addressed to you by the General Receiver of Customs relating to large orders for material and implements reported to have been or to be about to be placed in England and the United States on account of the Liberian Frontier

¹⁸ Not printed; see memorandum of a conversation between President King and the Assistant Secretary of State, Nov. 8, 1921, *Foreign Relations*, 1921, vol. II, p. 390.

Force, extensive road construction, and general development in Liberia.

With reference to this matter, you are instructed to request the General Receiver to make a thorough investigation of these reports. If the facts disclosed by such investigation substantiate the information brought to your attention in the letter of the General Receiver you will say to the Liberian Government that serious dissatisfaction on the part of the bondholders of the 1912 loan may be expected if arrears of interest remain unpaid while extraordinary sums are being disbursed by the Receivership on account of the Liberian Frontier Force and other charges which do not have priority of interest in the order of disbursements provided by the 1912 loan agreement for the administration of the Assigned Revenues.

You may also add that it is felt that the expense of the Liberian Frontier Force should be limited to absolute necessities and that the General Receiver would be justified in refusing to pay for large orders of materials and implements for road construction and general development purposes, out of the Assigned Revenues as long as interest is in arrears and no residue of revenue payable to the Liberian Government has accrued.

You will promptly report any developments in this matter.

I am [etc.]

For the Secretary of State:

LELAND HARRISON

382.51/1486a : Telegram

The Secretary of State to the Minister in Liberia (Hood)

WASHINGTON, May 12, 1922—2 p.m.

14. You are instructed to inform Liberian Government that House of Representatives passed Joint Resolution yesterday authorizing credit of \$5,000,000 to Liberia and it is hoped that prompt action hereon will be taken by the Senate.

HUGHES

382.51/1490 : Telegram

The Minister in Liberia (Hood) to the Secretary of State^{18a}

MONROVIA, May 13, 1922—5 p.m.

[Received 10:15 p.m.]

18. Liberian Government having reached the limits of its [credit] with Bank of British West Africa faces financial crisis. Its only

^{18a} Telegram badly garbled in transmission has been corrected to agree with another text quoted as telegram no. 18a of May 15, in despatch no. 107, Sept. 7, from the Minister in Liberia, p. 623. No copy of telegram no. 18a of May 15 has been found in Department files.

available resource is to give as [collateral] security 10,000 pounds of German [Liquidated] Property Funds already pledged as security under loan agreement of 1920 [1921]. Liberia[n] [Treasurer] having [determined to use] money in this manner desires to make [known] its intention to Government of the United States. Financial Adviser approves Treasurer's action. Revenues positively expected to arrive between June and September amply sufficient to cover security.

HOOD

'882.51/1490 : Telegram

The Secretary of State to the Minister in Liberia (Hood)

WASHINGTON, May 23, 1922—5 p.m.

17. Your 18, May 13, 5 p.m. and 19, May 20, 4 p.m.¹⁴

Department of State unable to take up matter of releasing monies pledged to United States Government as part of security \$5,000,000 loan without further detailed information.

Suggest Financial Adviser collaborate with Secretary of Treasury of Liberia to make careful survey present financial situation. You should then cable briefly from their report the following data: Exact amount credit with British Bank remaining on July 1, 1921 and amount remaining on January 1, 1922, exact amount internal revenue including hut tax collected for periods July–December 1921 and January–April 1922, estimate internal revenue including hut tax to be received during period May–September 1922. Has all hut tax due this fiscal year been collected? If so when can next year's hut tax collection begin, what is floating debt to date and by what amount has it been increased since March 31, 1921?

HUGHES

'882.51/1506

The Minister in Liberia (Hood) to the Secretary of State

No. 65

MONROVIA, May 31, 1922.

Diplomatic

[Received June 22.]

SIR: This Legation has the honor to submit for the information of the Department the situation here as shown in Legation's Cablegrams No. 18a May 15, 5 p. m.,¹⁵ and No. 19 May 20, 4 p. m.¹⁶ The first setting forth an impending crisis, and the second indicating that it had come in the Liberian Financial situation making it imperative that something be immediately done. Herein are set forth the causes of, and reasons for the position this Legation felt compelled to take.

¹⁴ Latter not printed.

¹⁵ See telegram no. 18, May 13, 5 p. m., p. 617.

¹⁶ Not printed.

The Manager of the Bank of British West Africa, Ltd., had three times, during the period covered by the above-mentioned Cablegrams, called at this Legation to know what answers had been received from the American Government. His last call prompted by a final Cablegram from his Directors in London, he stated that final action could be stayed no longer, unless there was a proposition placed before the bank that it could accept, approved by the American Minister and the Financial Adviser.

The Legation called a Conference of the Secretary of the Treasury of Liberia, the Bank Manager, and the Financial Adviser, and asked that the Bank of British West Africa make some proposition under which it could and would continue its advances to the Liberian Government. A Cablegram from the Directors at London having advised the Bank Manager that no proposition would be accepted except it had the approval of the American Minister made the whole matter virtually rest upon his action.

The result of this conference was the letter herewith transmitted as enclosure No. 1, which was taken before the Liberian Cabinet and adopted.

This Legation was placed in the position to either permit an immediate Financial crash come to the Liberian Government or avert it by giving its approval to the plan devised. Believing that it was the purpose of the United States Government to do whatever it legitimately could for the Liberian Government, to which it had admitted a traditional and moral responsibility, and the Liberian Government being on the very verge of bankruptcy, which if the crash came would involve serious international complications, and there not being even time to get another Cablegram response, the American Minister, and Financial Adviser felt compelled to take the action herewith transmitted.

It is to be noted however, that, if the American Loan becomes effective, then whatever obligations are assumed will be met by it, but if it does not the United States cannot be held responsible for Liberia's obligations.

I have [etc.]

SOLOMON PORTER HOOD

[Enclosure]

The Liberian Secretary of the Treasury (Harris) to the Manager of the Bank of British West Africa, Ltd.

[MONROVIA,] May 27, 1922.

SIR: Confirming my letter of May 11th, 1922.

1. I now have the honor to authorize that you segregate from the sum held in your bank to the credit of the Liberian Government

on account of German Property Liquidation Funds, the amount of ten thousand pounds (£10,000): to be held as security for an overdraft up to the sum of ten thousand pounds (£10,000) in favor of the Liberian Government. It being understood that the purpose of this agreement is to increase the credit limit of the present Agreement of the Government with the Bank by the amount of ten thousand pounds: otherwise the terms and conditions regulating the advances as provided in the present Agreement are to be unchanged.

2. It is to be understood that in the event the contemplated American Loan is established, such sums as may have been advanced by your institution against the security now handed you will form part of the general indebtedness of the Republic to your Bank, and upon this indebtedness being repaid this security will *ipso facto* revert to the Fund from which it is derived.

3. In the event that the new American Loan is not established the security named in paragraph one of this letter will be held by the Bank subject to the repayment of the advances made over the present credit limit of \$120,000.—and be released upon the reduction of the Government's indebtedness to the sum of \$120,000.00

Yours faithfully,

J. JEREMIAH HARRIS

Secretary of the Treasury R. L.

Approved:

SOLOMON PORTER HOOD

American Minister and Consul General of the United States to Liberia

S. DE LA RUE

Acting Financial Adviser, General Receiver of Customs and Receiver of German Property Liquidation. R. L.

882.51/1498a : Telegram

The Secretary of State to the Minister in Liberia (Hood)

WASHINGTON, June 5, 1922—3 p. m.

18. Joint Resolution to authorize \$5,000,000 loan to Liberia reported favorably to Senate May 31st by Senate Finance Committee. It is hoped Senate will take prompt action on Resolution. Inform Liberian Government.

HUGHES

882.51/1506 : Telegram

The Secretary of State to the Minister in Liberia (Hood)

WASHINGTON, July 13, 1922—3 p.m.

23. Referring to the Department's cable May 23, and your despatch 65 May 31. The Department disapproves of your action and that of

the Acting General Receiver of Customs in officially approving the arrangement of May 27 between the Liberian Government and Bank of British West Africa without first having obtained instructions so to do . . .

Immediately upon the receipt of this instruction you will inform the Liberian Government of the contents of this paragraph and cable briefly its reply:—You will say that in view of the fact that German Liquidation funds which may lawfully be held by Liberia are pledged by the Liberian Government in financial plan signed by the Plenary Commission of Liberia and the Secretary of State of the United States as a part of the security of the \$5,000,000 loan and this plan has been laid before Congress by the President for consideration in connection with the joint resolution to authorize the loan, the Department is unable to understand the action of the Liberian Government in concluding without the consent of this Government the arrangement of May 27 with the Bank of British West Africa. The Department is not convinced by the information before it that such an emergency existed as required the execution of the arrangement between the Government and the Bank in such haste as to render it impossible to await an expression from this Government with regard thereto and desires that the Liberian Government define its position in this matter. Moreover in addition to the foregoing there are certain embarrassing questions of principle involved in the form of the arrangement which the Department finds so objectionable as to make its termination desirable. As it is stated in Legation's cable 18 dated May 13, 5 p.m. that revenues were positively expected to arrive between June and September amply sufficient to cover security, the Department expects the receipt of these revenues to effect the termination of the arrangement with the Bank and restoration of the £10,000 sterling to the German property Liquidation fund.

It is also expected that any advances which may be made against this security shall be applied only to legitimate current expense of Government and that adequate facilities shall be afforded Acting General Receiver to verify such expenditures for information of the Minister for report to this Government.

You will also say that the Department is not unmindful of the fact that the delay in granting the loan has precluded an effective settlement of Liberia's financial difficulties, but the Department is doing everything in its power to expedite the consummation of the loan and expects that favorable action by the Senate upon the joint resolution establishing the credit will shortly be taken.

HUGHES

882.51/1522 : Telegram

The Minister in Liberia (Hood) to the Secretary of State

MONROVIA, August 1, 1922—2 p.m.

[Received August 2—1:33 a.m.]

25. Referring to the Department's cablegram July 13. A crisis had come, there was no longer sufficient time to get instructions and this Legation had either to endorse or not to endorse a proposition which, if refused, did mean serious complications and grave consequences to Liberian Government. The Legation had previously through every possible method it could employ tried to call the attention of the Department to the Government's crisis. The Legation felt that notwithstanding faulty administration of Government finances it must be kept going.

Acting Financial Adviser states that as auditor he had foreseen and reported the failure of credit as early as April 6th,¹⁷ [that] Department's request for financial statistics could not be complied with because of conditions of record, that he considered Department's policy to keep Liberian Government *status quo*, that unequivocally they deny pay roll at end, that under the circumstances [he was] convinced that decisive immediate action was necessary to save situation, [and that] this bank agreement creates no new obligation and ceases on consummation of the loan.

HOOD

882.51/1522 : Telegram

The Secretary of State to the Minister in Liberia (Hood)

WASHINGTON, August 17, 1922—3 p.m.

26. Referring to your 25—August 1—2 p.m.

Department is much concerned at failure to receive information as to Liberian finances called for in its cable of May 23 and again requested in its telegram July 13. It is also much disturbed by statement of Acting General Receiver that records are in such condition that information could not be given. Relative to foregoing you will say to Liberian Government that Department regards it as of utmost importance that financial information desired should be given at earliest possible date.

Department also awaits brief cable report of results of representations you were instructed in its telegram July 13 to make to Liberian Government.

HUGHES

¹⁷ Letter to the Chief of the Division of Western European Affairs; not printed.

882.51/1558

The Minister in Liberia (Hood) to the Acting Secretary of State

No. 107

MONROVIA, September 7, 1922.

Diplomatic

[Received October 12.]

SIR: This Legation has the honor to herewith transmit the reply of the Liberian Government, in answer to the Department's cablegrams No. 17, dated May 20th [23d], No. 23, dated July 13th, and No. 26, dated August 17th, regarding certain financial information requested, and the reasons for the action taken in the matter of the use of the German Liquidation Funds with the Bank of British West Africa.

With reference to the action taken by this Legation in the matter of the German Liquidation Funds, it has the honor to submit that as shown in the dispatch to the Department, No. 58, dated May 12th,¹⁸ with enclosures from the General Receiver of Customs and the Secretary of the Treasury of the Republic of Liberia, the whole embarrassing condition of the Liberian Government was set forth. As early as April 15, 1922, in the Legation's cablegram No. 16, the President of Liberia said,

[Here follows the text of the telegram printed on page 616.]

Following this, Legation's cablegram, No. 18a, of May 15th, to the Department, said the following:

[Here follows the text of telegram printed on page 617 as telegram no. 18, May 13.]

To this, the Department replied by asking that the Liberian Government produce certain financial information, which it was unable to do in time to get any word from the United States, that would relieve the situation.

During all of this period, the Manager of the Bank of British West Africa had been basing his action with the Liberian Government and his representations to his directors in London, upon whatever assurance could be given by this Legation of the loan becoming effective. This Legation was able, for some time, to present the facts concerning the loan in such a way as to hold the credit of the Bank for the Government; but finally, the prolonged delay and inability to state anything sufficiently assuring brought a cablegram from London withdrawing the credit of the Bank unless the American Minister would endorse the German Liquidation proposition.

The operations of the Bank of British West Africa are almost the subject of as much consideration in the British Colonial offices as if they were affairs of direct government action; all the foreign nations, here represented, regarding [*regard?*] the pending loan negotiations

¹⁸ Not printed.

as the announcement of the United States' willingness to become sponsor for Liberia. It is difficult to realize the emergency of the situation without immediate and direct contact with the condition.

The Legation had cabled the Department on April 15th concerning the situation, but had no reply until sending another cablegram, dated May 15th [19th?], during which period the crisis had only been averted by Legation's aforesaid representations; the situation every hour grew more acute, all time had elapsed.

In this grave condition, and embarrassed and perplexed situation, this Legation acted:

(1) Because the crisis was as these dispatches have indicated, or else the Government of Liberia, the Manager of the Bank of British West Africa and the London directors falsified them.

(2) Because this Legation understood the policy of the United States toward Liberia, as far as it could legitimately be, was to save and preserve it as an independent autonomous State.

(3) That the circumstances confronting the Liberian Government at the time the action was taken, would compel it to cease functioning, and this failure, considering its relation to all foreign powers and especially to those to whom it was indebted, must have precipitated international complications.

(4) Because the endorsing of the German Liquidation Collateral Plan did not involve the United States unless the Loan Agreement became effective.

(5) Because the matter had to be decided before any further instruction could have been received, the Bank of British West Africa having waited one month for some information from this Legation with regard to the pending Loan Agreement, as would be sufficient guarantee for further advances to the Liberian Government.

This Legation feels severely and regrets exceedingly the disapproval expressed at what at the time seemed to be the best and only course that could be taken.

I have [etc.]

SOLOMON PORTER HOOD

[Enclosure 1]

The Liberian Acting Secretary of State (Barclay) to the American Minister (Hood)

MONROVIA, August 25, 1922.

MR. MINISTER: With further reference to your despatch of July 22nd, 1922, embodying the full text of a cable from the Department of State, Washington, with regard to the financial arrangements of May 27th between the Liberian Government and the Bank of British West Africa Limited, I have now the honour in behalf of the Government of Liberia to offer the following observations thereon:

It will be remembered that President King, before he left Washington on his last visit submitted a memorandum¹⁹ to the Department of State pointing out that owing to the terms of the then existing arrangements between the Bank of British West Africa Limited, and the Liberian Government, a financial crisis as then foreseen was imminent, and therefore requested the Department to use its good offices to the end of securing the consent of the Bank of British West Africa to increase the annual unit of the credit to one hundred and fifty thousand dollars instead of one hundred and eight thousand dollars, beginning as from the first of October, 1921, and continuing until the proposed Loan Plan goes into operation. In acknowledgment of this memorandum the Department of State in an undated note to President King,²⁰ stated, "the matters called to the attention of the Department in this letter will receive careful consideration."

At the end of March of the present year the Liberian Government found itself confronted with the financial crisis anticipated by President King, the seriousness and urgency of which was fully realised by the American Minister Resident at this Capital and the Acting Financial Adviser.

On the thirteenth of April, 1922, President King, through the courtesy of Your Legation, forwarded to the American Secretary of State the following urgent and confidential cablegram:

[Here follows the text of telegram number 16, April 15, from the Minister in Liberia printed on page 616.]

After the despatch of the above cablegram, by the President, the situation was becoming more acute daily, and not having heard from Washington, the Liberian Secretary of State on the tenth of May, addressed a note to Your Excellency acquainting you with the financial situation then confronting the Liberian Government, as outlined therein, and requesting Your Excellency to immediately advise Washington of the contents of said Note and inform the Liberian Government of the State Department's views in the premises.

It was not until the twenty-third of May that answer to the above representations was received asking for certain accounts, and practically conveying the idea that the crisis, with respect to which the American State Department's intervention was sought, in its opinion, did not exist, or ought not to exist.

While the Liberian Government had no objections to furnish the desired accounts, as since his return to Monrovia from the United

¹⁹ Not printed; see memorandum of conversation between President King and the Assistant Secretary of State, Nov. 8, 1921, *Foreign Relations*, 1921, vol. II, p. 390.

²⁰ Note of Nov. 14, 1921; not printed.

States, President King has been most anxious that upon the financial position in Liberia from time to time the Government of the United States should have the fullest and latest information, yet it was also conscious of the fact, that to obtain all the data required for the accounts as asked for would necessarily have taken some months to procure. In the meantime, during this period, what was to be done to overcome the pending financial crisis? No remedy, not even of a temporary character, to relieve the situation was suggested by the American State Department, whose attention had been called directly by President King in his cable despatch of the thirteenth of April herein above referred to, and subsequently through your Legation by this Department in its Note of May tenth, 1922.

In the face of such a grave situation, and under the circumstances above referred to, the Liberian Government had no alternative but to take such steps that were in its opinion, as well as that of the American Agents here on the spot, necessary to relieve the financial situation which then presented itself, and considers that it was fully justified in so doing.

It is a well understood and accepted principle of political administration that those placed in supreme authority shall take care that the State, the interests of which are committed to them, suffer no harm.

I must further point out to Your Excellency that the Liberian Government cannot accept as existing the implications of fact, of conduct, or of policy in the cable from the American Department of State as embodied in your despatch now under reply.

The implications of waste as indicated by demand for accounts is [in] the opinion of the Liberian Government quite unfounded. As a matter of fact the Liberian Administration during the World's war, and since, has not, as most governments were compelled to do, augmented salaries to meet the rise of prices, but rather reduced the already meager official salaries by an average of fifty per cent, except where action was forbidden, as in the case of Judges, and one or two other officers, by the constitution of the State. Of this fact the American State Department was fully cognizant.

The demand for accounts was also indicative, in the opinion of the Liberian Government of a certain amount of distrust of the statement of the President and also of the American Agents here on the spot as to the imminent financial situation which the Liberian Government would very soon be confronted with. That such a feeling of distrust existed is further accentuated by the remarks made in the cable under review, where it is said, "the Department is not convinced from the information that such an emergency existed as required the execution of the arrangement between the Bank in

such haste as to render impossible to await an expression from this Government with regard thereto."

If such an attitude of mistrust of representations made by the Liberian Government is to be maintained by the American State Department, and especially when these representations are confirmed by the American Agents here, and who are in a better position to know the actual facts than those in the Department at Washington, then there will be that lack of friendly cooperation and understanding between the two Governments which is essential to the carrying out of the projected program for Liberia's financial rehabilitation and development. The policy which the Liberian Administration understood was to be adopted, was one of helpfulness, of collaboration for the furtherance of its essential interests. Furthermore, the Government of Liberia does not understand why the very unusual step of communicating the censure of your Government upon its official representative here should be made to it. The Liberian Government finds itself most embarrassed by such a procedure, as it could not, without violating official proprieties attempt to vindicate the actions of the American Official Representative.

With regard to the General Receiver of Customs and Financial Adviser, it is respectfully submitted that under the existing Loan Agreement of 1911 [1912?], he is a Liberian Official, recommended indeed by the President of the United States, but commissioned and paid by the Liberian Republic. The General Receiver of Customs in financial matters, is the adviser of the Liberian Government. Therefore, when the American State Department subjects him to its official censure and further directs that censure be communicated to the Government of Liberia, there is but one inference to be drawn, and that is, that both the officer and the administration he is serving are occupying such subordinate positions with reference to the Government of the United States as make them both amenable to its direct authority and fit subjects for administrative rebuke. This implication the Government of Liberia cannot admit; as the effect would be to neutralize any efficient service which said officer might be able to render, or the Government of Liberia might require, since he would under such circumstances be compelled to consider himself not at liberty to give advice before his ideas had previously been approved by the Government of the United States.

The Government of Liberia does not understand the meaning and intent of the American State Department's instructions to the Acting General Receiver to the effect, "that the Department expects him to protect financial interests of Five Million Dollar Loan Negotiations." In the financial agreement of October 1921, the Government of the United States expressly stipulated that it was not to be considered

bound by the said agreement until it has been passed by Congress, and had been approved by the President of the United States.

Upon that understanding it was approved by the Legislature of Liberia. It is therefore most respectfully submitted that the Liberian Administration within the terms of the Agreement concluded with the Plenary Commission, had perfect liberty of financial action so far as the revenues upon which the proposed loan are to be secured until the agreement comes into force. To say otherwise, would mean that the agreement created at the time of the signature a *status quo* which bound Liberia indefinitely, or at least until the agreement had received Congressional approval. In other words, Liberia from the 28th of October, 1921, was absolutely bound by the terms of an agreement not yet in force or approved by the American Congress. This implication the Government of Liberia regrets it cannot admit, but rather it takes the position that until the Government of the United States becomes duly empowered to assume and carry out the obligations placed upon it under the provisions of the proposed Loan Agreement of 1921, the said Agreement remains inoperative and therefore none of the rights and privileges therein conceded and granted, can be legally exercised. However, as the Liberian Government does not wish its position as herein above indicated, to be misunderstood, and probably construed as a desire on its part for concealment of facts, the necessary financial data requested in Your Excellency's despatch of May twenty-fifth, 1922,²¹ have been prepared and is herewith transmitted, as well as the appended copy of the special arrangement with the Bank of British West Africa Limited, in which will be seen, on perusal, that all interests which might appear to be jeopardised in the future by said arrangement were carefully safeguarded and protected.

In conclusion Mr. Minister, I desire to point out that while my Government is fully conscious and appreciative of the efforts that are being put forth by the American State Department to hasten the consummation of the proposed loan by Congress, yet it must frankly admit that the very long delay of Congress in giving its approval to the proposed loan has been a source of grave embarrassment to the Liberian Administration, in practically every phase of its activities. If this situation is not early remedied, it would have a most disastrous effect upon the vital interests of the Republic, the possibilities of which must be of great moment and concern to the Liberian Government. Hence, we cannot too strongly emphasize the urgency for immediate action on the part of the American

²¹ See telegram no. 17, May 23, to the Minister in Liberia, p. 618.

Congress with respect to the agreement concluded with the Liberian Plenary Commission by your Government now a year ago, less two months.

With the assurances [etc.]

ARTHUR BARCLAY

[Enclosure 2]

The Liberian Secretary of the Treasury (Harris) to the Liberian Acting Secretary of State (Barclay)

MONROVIA, August 31, 1922.

DEAR MR. SECRETARY: With further reference to your despatch No. 420/L in connection with the cablegram received from Washington State Department requesting more information respecting the revenues and the collateral security offered the Bank of British West Africa Limited, from the German Liquidation Fund, for the continuation of our monthly advances until at such time that the Government assets are in a more healthy condition, in reply, I have the honor to submit the following information:—

- (1) "*Exact amount remaining in the Bank of British West Africa Limited, July 1, 1922*".

To query 1.

- (a) Exact debit balance due Bank of British West Africa Ltd. July 1, 1921, £17,502.2.0, or \$84,010.08.
(b) Exact debit balance due Bank of British West Africa Lt. July 1, 1922, £28,944.11.6. . \$138,933.96

- (2) "*Exact amount of Internal Revenues including Hut Tax collected for period July-Dec. 1921, and Jan. to April 1922.*"

To query 2.

- (a) Amount Internal Revenues collected including Hut Taxes to Dec. 31, 1921 for six months . . \$119,241.25
Note: Lost in the exchange rate at Bank on five Franc pieces \$19,000.00

- (b) The amount Internal Revenues from January to April 1922 \$27,344.70

Note: It is to be observed that the increase of the revenue collection is always during the last six months of the year.

- (3) "*Estimate Internal Revenue including Hut Tax to be received during portion of time from May to September 1922.*"

To query 3.

- (a) Estimate collection for above period approximately \$100,000.00

stipend 7,418.47

FLOATING INDEBTEDNESS OF LIBERIA—continued

Post office indebtedness to Money		
Order Bureau and Sea-transit fee		
including interest	\$17,833.60	
Due League of Nations (about) . .	12,076.37	
Due U. S. Navy Department . . .	1,370.51	
Due Bureau Union Int. & Artistic .	1,476.42	
Due Hy. Goode & Sons, & Wm.		
Kidd & Arthur Williams	3,611.20	
French Cable Co. and other claims .	3,143.45	
Claim Indian Merchants	1,200.00	\$60,020.34
		<hr/>
		\$436,742.20
		<hr/>

For your better information you will find a copy of the Bank's letter referred to, as well as a Memorandum to His Excellency the President of Liberia.²²

I have [etc.]

J. J. HARRIS

882.51/1545 : Telegram

The Minister in Liberia (Hood) to the Acting Secretary of State

MONROVIA, September 8, 1922—11 a.m.

[Received September 11—10:46 p.m.]

30. Another financial crisis of the Liberian Government imminent unless expected revenues, not now being received to the extent anticipated, materialize by October 1st.

Instructions asked as to what attitude Legation must assume if Bank of British West Africa asks further indorsement of the Liberian pledge of German liquidation claims as collateral security.

All financial information requested from the Liberian Government by the Department just received and being forwarded at once.²³

HOOD

882.51/1545 : Telegram

The Acting Secretary of State to the Minister in Liberia (Hood)

WASHINGTON, September 16, 1922—2 p.m.

28. Legation's 30, September 8, 11 a.m.

In case intimated crisis develops and Bank asks further indorsement of the Liberian pledge of German liquidation funds as secu-

²² Letter and memorandum not printed.

²³ See letter of Aug. 31, from the Liberian Secretary of the Treasury to the Liberian Acting Secretary of State, *supra*.

city for further advances to Liberian Government, you will promptly cable Bank's proposal to the Department and await instructions.

HARRISON

882.51/1554 : Telegram

The Minister in Liberia (Hood) to the Secretary of State

MONROVIA, September 27, 1922—3 p.m.

[Received 4:50 p.m.]

33. About \$40,000 of hut tax coming in has given temporary relief and crisis is at least postponed.

Liberian Government anxious to know when the Senate will adjourn *sine die* and whether there is definite reason to believe Liberian loan bill be acted upon before final adjournment of this session.

Hood

882.51/1554 : Telegram

The Secretary of State to the Minister in Liberia (Hood)

WASHINGTON, October 7, 1922—8 p.m.

30. Your number 33, September 27, 3 P.M.

I am authorized by the President to say that final favorable action on Liberian Loan Bill will be urged again at the next session of the Congress, but that inasmuch as Congress will not reconvene until early in December, final action cannot be expected before the latter part of that month. You may so inform Liberian Government.

HUGHES

882.51/1575a : Telegram

The Secretary of State to the Minister in Liberia (Hood)

WASHINGTON, December 8, 1922—5 p.m.

34. 1. Inform the Liberian Government as follows:

By action of the Senate on November 27 the Joint Resolution to authorize a loan of \$5,000,000 to Liberia was recommitted to the Senate Finance Committee without instructions. In view of this action the proposed loan has no prospect of success. The Department, therefore, cannot encourage the Liberian Government to delay further its efforts to arrange the desired financial aid from other sources which may be available.

2. You may add orally and informally that certain private American bankers who have had no connection with earlier loans have indi-

cated an interest in the possibility of making a loan to Liberia, but that this Government, of course, can give no assurance as to whether such a loan can be arranged.

HUGHES

882.51/1576 : Telegram

The Minister in Liberia (Hood) to the Secretary of State

MONROVIA, December 14, 1922—3 p.m.

[Received 5:13 p.m.]

40. The following of the Department's number 34, is not understood and an immediate repetition is requested "the Department therefore cannot encourage the Liberian Government to delay further its efforts to arrange the desired financial aid from other sources which may be available."

Liberian Government earnestly request a definite answer at the earliest possible moment as to whether or not the failure of the loan indicates any change of the traditional friendly sympathetic attitude of the American Government toward Liberia or the withdrawal of its diplomatic support and counsel.

The American Minister is requested by the Liberian Government to immediately informally find out about bankers referred to in cablegram who have indicated the possibility of making a loan to Liberia in order that Liberian Government upon its own initiative may at once approach them.

Hood

882.51/1576 : Telegram

The Secretary of State to the Minister in Liberia (Hood)

WASHINGTON, December 26, 1922—6 p.m.

36. Your 40, December 14, 3 p.m.

You may inform the Liberian Government that the failure of the loan is not indicative of any change in the traditionally friendly attitude of this Government toward the Liberian Republic. This Government will always look with sympathetic interest at any attempts of the Liberian Government and people to promote the real interests of the Republic.

As to the suggested possibility of raising in America through private sources a loan for constructive purposes, you may inform the Liberian Government that if it will appoint an agent with proper qualifications to conduct negotiations, the Department will be glad to refer any interested parties to him.

HUGHES

STEPS TAKEN TOWARD COMPLETING THE DELIMITATION OF THE FRANCO-LIBERIAN BOUNDARY

751.8215/177½

*President King*²⁴ to the Assistant Secretary of State (Dearing)

WASHINGTON, November 8, 1921.

MY DEAR MR. SECRETARY: It is the earnest desire of the Liberian Government to bring to an early and final settlement the very perplexing question of the Franco-Liberian Boundary delimitation.²⁵

I respectfully request the Department to use its good offices with the French Government towards the end of obtaining their consent to resume and complete as soon as possible the delimitation of the boundary.

In this connection I have to also request the Department to furnish the Liberian Government with a competent assistant to Commissioner Daves for purposes of the boundary survey.

I am [etc.]

C. D. B. KING

751.8215/177½

The Assistant Secretary of State (Dearing) to President King

WASHINGTON, November 15, 1921.

MY DEAR MR. PRESIDENT: The receipt is acknowledged of your letter of November 8, 1921, relative to the Franco-Liberian Boundary delimitation.

In reply I beg to say that the Department will be glad to use its good offices with the French Government as requested to secure that Government's consent to the resumption and completion of the delimitation of the boundary as soon as possible.

The matter of designating for appointment by the Liberian Government a qualified man to assist Commissioner Daves with the Boundary survey will receive attention.

I am [etc.]

FRED MORRIS DEARING

751.8215/178

The Secretary of State to the Ambassador in France (Herrick)

No. 111

WASHINGTON, December 3, 1921.

SIR: The Department is informed that the Liberian Government has had on the Franco-Liberian boundary for more than one year

²⁴ President King had come to Washington in 1921 as head of the Liberian financial mission; see *Foreign Relations*, 1921, vol. II, pp. 863 ff.

²⁵ For settlement effected by boundary commission, see French note, Feb. 2, 1911, *ibid.*, 1911, p. 845; for continuation of the delimitation question, see note of July 19, 1912, from the French Chargé, *ibid.*, 1912, p. 683.

a qualified, fully equipped, technical expert as its representative, but the French Government has declined to proceed with the boundary delimitation in accordance with understandings on the subject between the two Governments on the ground that it was unnecessary and useless to determine any of the outstanding questions at issue until the purport of American plans in Liberia have been made manifest.²⁶

The Government of Liberia recently requested the Department to use its good offices for the purpose of obtaining the consent of the French Government to resume and complete as soon as possible the delimitation of the Franco-Liberian boundary.

As the Department is unable to see, in the information brought to its attention, cause for delaying the work of delimitation, you will please approach the Minister for Foreign Affairs and impress him that this Government, in the interest of a final adjustment of this boundary question, would be glad to learn of the willingness of the French Government to resume and complete the demarcation at an early date.

In this connection you may also intimate that this Government earnestly hopes that the French Government will be moved by a spirit of liberality towards Liberia in reaching a settlement of boundary controversies.

Copies of correspondence addressed to the American Legation at Monrovia by the Liberian Secretary of State relative to the Franco-Liberian boundary delimitation are herewith enclosed²⁷ for the purpose of aiding you to understand the previous steps taken in this matter.

I am [etc.]

For the Secretary of State:

F. M. DEARING

751.8215/177

The Ambassador in France (Herrick) to the Secretary of State

No. 1109

PARIS, January 5, 1922.

[Received January 17.]

SIR: With reference to your Instruction No. 111, of December 3, 1921, (File No. 751.8215/173), relative to the delimitation of the Franco-Liberian Boundary, I have the honor to report that upon inquiry at the Foreign Office I was informed that the delay in proceeding with this boundary delimitation was due to the difficulty

²⁶ Statement made by President King at the Department, Oct. 29, 1921 (file no. 751.8215/176½).

²⁷ Not printed.

of finding a competent expert. I gathered that no one in the employ of the Ministry of the Colonies was anxious to be sent up country and the Director of Political Affairs with whom I spoke suggested that our Government should urge the Liberian Government to insist upon the appointment of a French boundary commissioner, which would enable the Ministry for Foreign Affairs to force the hand of the Ministry of the Colonies.

I inquired if there was any other reason for delay to which the reply was in the negative, Mr. de Peretti stating on the contrary that it was to everyone's advantage that the boundary should be settled as soon as possible.

I have [etc.]

For the Ambassador :
SHELDON WHITEHOUSE

751.8215/177a : Telegram

The Secretary of State to the Minister in Liberia (Johnson)

WASHINGTON, January 31, 1922—3 p. m.

5. Suggest to Liberian Government that French Government be urged through French representative at Monrovia to appoint and send immediately French boundary commissioner to join Liberian representative and complete delimitation. Department has reason to believe such a course will produce results provided Liberian Government desires, as Department understands, to resume delimitation of Franco-Liberian boundary. Cable what action Liberian Government takes and result thereof.

HUGHES

751.8215/178

The Minister in Liberia (Hood) to the Secretary of State

No. 51

MONROVIA, April 19, 1922.

Diplomatic

[Received May 23.]

SIR: The Legation has the honor to herewith transmit for the information of the Department a Copy of a Memorandum received from the Secretary of State of the Liberian Government, when approached relative to the appointment of a Liberian representative to join with a French commissioner in the delimitation of the Franco-Liberian frontier.

The Commissioner Mr. L. C. Daves has found so many discrepancies in the names and positions, as heretofore agreed upon as

bases from which calculations were made, it will not be possible to proceed with delimitation until correct data can be had, and this will not be available until the Boundary Commissioner has completed his work.

I have [etc.]

SOLOMON PORTER HOOD

[Enclosure]

The Liberian Secretary of State (Barclay) to the American Minister (Hood)

The Secretary of State presents his compliments to the American Minister Resident and with reference to the Legation's intimation of February 1st, 1922, that should the Government of Liberia now approach the French Government with reference to continuing the Franco-Liberian delimitation, it was thought no difficulties would be experienced, has the honour to say that the Liberian Department of State has been advised by the Boundary Commissioner that the best interest of the Republic would not be served by urging the immediate resumption of the delimitation. The Triangulation Control which the Boundary Commissioner has been engaged in establishing has only been completed for about one-half of the length of the Franco-Liberian Frontier. Unless the whole triangulation is put in before the delimitation is resumed the Commissioner will have to depend upon the French data and maps which Mr. Daves has proven to be unreliable. The Department has therefore not yet approached the French Government on this matter. If and when any action is taken the Legation will be promptly advised.

MONROVIA, March 31, 1922.

751.8215/187: Telegram

The Minister in Liberia (Hood) to the Secretary of State

MONROVIA, December 15, 1922—3 p.m.

[Received December 16—3:14 p.m.]

41. L. C. Daves, Boundary and Geodetic Engineer, shortly before taking his leave of absence entered into contract with Liberian Government to continue work of delimitation with an assistant with total salary of both and all expenses which may exceed \$10,000 specifically provided to be paid by the receivership.

Since loan plan has failed request advising the receivership as to the position the fiscal agents will take should the receivership, in accordance with the contract above mentioned, pay the expenses of the boundary survey from the assigned revenues.

Two thousand dollars traveling expenses for Daves's return to Liberia have been cabled him but no reply has been received. Has he sailed?

Hood

751.8215/187 : Telegram

The Secretary of State to the Minister in Liberia (Hood)

WASHINGTON, December 22, 1922—1 p.m.

35. Your 41, December 15th, 3 P.M.

Department informed that Davis [*Daves*] and his assistant left Washington for New York December 15th to sail next day by direct Bull Line steamer for Monrovia. They carry chronometers and additional equipment loaned Liberia by this Government.

Department suggests that General Receiver request Liberian Government to ascertain directly from Fiscal Agents their position relative to payment of expenses of boundary survey from assigned revenues in case such payment requires departure from provisions of 1912 Loan Agreement governing disbursement of assigned revenues.

HUGHES

MEXICO

QUESTION OF THE RECOGNITION OF THE GOVERNMENT OF GENERAL OBREGON BY THE UNITED STATES¹

711.1211/26a : Telegram

The Secretary of State to the Chargé in Mexico (Summerlin)

WASHINGTON, January 25, 1922—6 p.m.

9. Juan Ochoa Ramos, claiming to have special instructions from Pani,² has called at the Department and has stated that he is authorized to say that General Obregon will authorize signature of the proposed Treaty of Amity and Commerce³ immediately after the signing of the two claims conventions⁴ proposed by Pani provided implicit recognition is extended on the signing of the first convention, the second to be signed immediately thereafter. The Treaty of Amity and Commerce would remain unchanged except that those provisions covered in the two claims conventions would, of course, be omitted.

Ramos says he will telegraph Pani today and suggest that he have General Obregon confirm to you his readiness to carry out the above plan so that it may reach the Department through established channels.

Ramos was told that certain minor changes probably would be necessary in the claims conventions and that any proposal from the Mexican authorities which involved any fundamental change in the draft Treaty of Amity and Commerce, or which did not include its signature immediately after signature of claims conventions would be futile.

Cable any developments or proposals which may be made along these lines and if approached on the subject develop fully what Obregon is willing to do without however committing the Department.

HUGHES

711.1211/28 : Telegram

The Chargé in Mexico (Summerlin) to the Secretary of State

MEXICO, February 1, 1922—12 noon.

[Received 5:07 p.m.]

16. Your telegram number 9, January 25, 6 p. m. Pani states that the proposals are to sign the first of the claims conventions

¹ Continued from *Foreign Relations*, 1921, vol. II, pp. 394-527.

² Mexican Secretary of State for Foreign Affairs.

³ For draft of treaty, see *Foreign Relations*, 1921, vol. II, p. 397.

⁴ For drafts of the two conventions, see *ibid.*, pp. 508 and 511.

submitted by him whereby the Obregón Government will be implicitly recognized, the second claims convention to be signed immediately thereafter, and that after recognition General Obregón will take into consideration any treaty of amity and commerce which may be submitted to be studied and to be signed provided that it contains nothing opposed to the fundamental laws of the country.

SUMMERLIN

711.1211/28 : Telegram

The Secretary of State to the Chargé in Mexico (Summerlin)

WASHINGTON, February 4, 1922—6 p.m.

14. Your 16, February 1, noon.

Inform Mr. Pani as follows: Department is not disposed to entertain Mr. Pani's proposals unless the rights of American citizens acquired prior to the adoption of the 1917 Constitution are adequately safeguarded. Article 1 in the Treaty of Amity and Commerce, which you submitted to General Obregon last May, was drafted solely with this object in view. The Department believes that this article contains nothing opposed to the fundamental laws of Mexico, unless said laws are to be given a retroactive and confiscatory effect, which General Obregon himself has repeatedly disclaimed in public statements, and the Department would be glad to have Mr. Pani indicate to you specifically General Obregon's objections to this article.

In the event it is possible to arrive at an agreement upon the terms of the Treaty of Amity and Commerce satisfactory to both parties before the execution of the Claims Conventions, the Mexican proposals may offer a way out of the present *impasse*. In other words, if such an agreement can be arrived at, the Department would be disposed to meet General Obregon's wishes for a brief delay in its execution.

Unless General Obregon is willing to put the draft of the Treaty of Amity and Commerce into a form acceptable to both parties beforehand, it would be futile to engage in any discussion of the claims conventions themselves. However, should General Obregon be willing to adopt the above suggestion, the Department will immediately indicate certain minor changes which it believes should be made in the draft claims conventions proposed by Mr. Pani.

HUGHES

711.1211/81

The Chargé in Mexico (Summerlin) to the Secretary of State

No. 4970

MEXICO, February 10, 1922.

[Received February 18.]

SIR: In confirmation of the Embassy's telegram No. 19, February 9, 8 p.m.,⁵ I have the honor to forward herewith a copy and translation of Mr. Pani's informal note, dated February 9th, in reply to the Embassy's informal communication of the sixth instant.⁶ A copy and translation of the enclosure referred to in Mr. Pani's note is also attached.⁵

Special attention is invited to the final statement of Mr. Pani in relation to Article 2 of the proposed Treaty of Amity and Commerce, namely, "but I refrain from dwelling upon these again, since you have already informed me that the Government of the United States will not insist upon this point." Early this morning, I arranged for an interview with Mr. Pani and pointed out to him that his statement, as above quoted, was entirely erroneous. I stated that not only had I never made a statement to that effect but also that I had no reason to believe that my Government would not insist upon the point in question. Mr. Pani stated that he had gathered the impression that the Department would not insist on this Article. He said that the entire text in its present form had already been telegraphed to Washington and suggested that I write him in regard to the error and that the correction could be made in that manner. This I have done, and a copy of my informal note of to-day in regard to the correction is enclosed herewith.⁵ A copy of Mr. Pani's correction will be promptly forwarded to the Department.⁵

I have [etc.]

GEORGE T. SUMMERLIN

[Enclosure—Translation ⁷]

The Mexican Secretary of State for Foreign Affairs (Pani) to the American Chargé (Summerlin)

MEXICO, February 9, 1922.

MY DEAR MR. SUMMERLIN: With reference to your informal communication of the 6th instant, relative to the conventions on claims which our Governments propose to make and the Treaty of Amity

⁵ Not printed.⁶ See telegram no. 14, Feb. 4, to the Chargé in Mexico, p. 640.⁷ File translation revised.

and Commerce submitted by the Government of the United States of America to the Mexican Government through the medium of yourself, I take pleasure in replying to you, likewise informally, as follows:

The Mexican Government, as I have expressed to you on other occasions, is disposed to sign immediately the conventions on claims the drafts of which it submitted to the Government of the United States as a result of the general invitation which this Government extended to the governments of all countries whose nationals have claims pending against Mexico. With the signing of convention number one, upon the Mexican Government's being implicitly recognized and diplomatic relations being resumed, concurrently all the difficulties emanating from the present revolution would be eliminated. With the signing of convention number two the difficulties of the past which still persist and which might impede the friendly *rapprochement* of the two peoples would disappear. And thus the field being cleared of obstacles, past and present, the Government of Mexico would be enabled to enter into a discussion of the Treaty of Amity and Commerce, if such a treaty should serve as a factor in strengthening the future bonds between the two countries. But, as the Department of State, through you, observes:

(1) The Government of the United States is not disposed to sign the conventions in reference until it shall have the assurance that the rights acquired by American citizens prior to the governance of the Constitution of 1917 are adequately safeguarded; and

(2) Article I of the proposed Treaty of Amity and Commerce submitted to General Obregón on May 27, 1921, was formulated solely with this object.

I have to say to you regarding the first point that the desire of the Government of the United States, quite explicable doubtless, with regard to obtaining assurances that the rights acquired by American citizens prior to the governance of the Constitution of 1917 shall be properly safeguarded, is, in the judgment of the Government of Mexico, altogether satisfied in a practical and concrete manner, despite the absence of agreements or treaties, by the mere effects of the policy adopted since the present Government of Mexico was inaugurated. If, as this Government understands, the aims of the White House are, in essence, to obtain, in Mexico, a state of affairs favorable, legitimate, and equitable, to the development of American interests established here, or which may be, and thereby obtain for them the fullest measure of security, then the policy of guarantees, respect, and encouragement for all foreign interests, not solely for American interests, put in practice voluntarily and effectively by this Government from the time of its establishment, meets the proposals

previously made, and is sufficient to inspire confidence regarding the present Government of Mexico and the intentions of its people.

Regarding the second point: The spirit which inspires article I of the proposed Treaty of Amity and Commerce has not passed unnoted by the President of the Republic, nor by this Chancellery. But from the beginning the President judged that the said article was in reality unnecessary, for reasons expressed in the preceding paragraph, just as he now believes that the article in question must be deemed even more unnecessary by a mere comparison of the present state of the Mexican Republic—from the time when the results of the policy delineated above, which policy has been continued to this date without interruption, have begun to be visible—with the state of affairs which prevailed previously, and if one likewise takes into consideration the importance given to the attitude of this Government with respect to the interests of foreigners by the circumstance that this is not merely a simple promise, but a pledge sanctioned by incontrovertible acts. Moreover, the President judged the wording of said article unacceptable because it contained stipulations which in some respects are in direct conflict with the constitutional precepts of Mexico and in others in indirect conflict, inasmuch as, at least if the Executive accepted them, it would cause him to invade the sphere of action of the legislative and judicial powers and disrupt the entire system of government as established by the Constitution.

Notwithstanding the foregoing, and since such are the desires of the Department of State, I shall itemize forthwith in an entirely personal way the principal objections which prevent the Government of Mexico from accepting some of the stipulations contained in the proposed Treaty of Amity and Commerce.

The first paragraph of article I says that "The citizens of each of the High Contracting Parties shall have liberty to . . . own or lease and occupy houses, manufactories, warehouses and shops . . . upon the same terms as native citizens." Now, section I of article 27 of the Constitution provides that only Mexicans by birth or naturalization have the right to acquire ownership (*dominio*) in lands, waters and their appurtenances in the Republic of Mexico. Therefore, the equality of treatment which article I of the proposed treaty would establish for Americans cannot be conceded. It is true that the same Constitution, in section I of article 27, before mentioned, says that the State may concede the right to acquire immovable property to foreigners, but this it does with certain requirements which are not required of Mexicans.

It is not too much to say that the Government of the Republic is animated by a really friendly spirit toward all foreigners, and to this date a case has not arisen where a single one of them has

encountered difficulties in the Department of Foreign Relations in fulfilling the necessary requirements for acquiring landed property, provided this property be not located in the prohibited zone (a zone of 100 kilometers along the frontiers and of 50 kilometers along the coast). Furthermore, as there were many foreigners in the country who possessed, prior to the promulgation of the Constitution of 1917, landed properties in the prohibited zones, the Executive has issued a decree, through the Department of Agriculture and Fomento, by virtue whereof the *status quo* of these properties is maintained, as long as the legislative power does not enact the law regulating the application of the principles of constitutional article 27.

Paragraph 6 [5] of article I provides that: "Property rights of whatever nature, heretofore or hereafter acquired by citizens of either country within the territories of the other, shall under no circumstances be subjected to confiscation, under constitutional provisions, legislation or Executive decrees or otherwise." Generally speaking, this stipulation does no more than formulate the universal principle of respect for acquired rights, wherewith the Government of Mexico could do nothing else than be in accord; but it contains a limitation which could not be included in an international treaty, by providing that confiscation—even if the Constitution decreed it—may not be carried into effect. This Government believes that such a constitution could not be adopted, but even in the event that such a constitution should be adopted, since it would be the supreme law of the nation, it would have to be respected above treaties, inasmuch as the latter could not have greater force than the Constitution itself, and the Government of the United States knows this perfectly, for it has had to decide several cases of treaties at variance with the Constitution, and it has always decided that the Constitution was supreme. This statement is not based upon our own theories, but upon those of international authorities of many countries, among which might be cited the American, Moore, held to be an authority on the subject throughout the civilized world. I attach, accordingly, a supplement* which contains pertinent quotations taken from various authors and incorporated by the aforesaid Moore in his notable work *International Law Digest*.

Paragraph 7 [6] of article I of the treaty seeks to include a consequence of the principle established above and, in this sense and unalterably, stipulates that neither the Constitution of 1917 nor the decree of January 6, 1915, to which the Constitution refers, shall have retroactive effect, and that, therefore, all rights which have been acquired by Americans prior to the governance of the Constitution of 1917 shall be respected, especially those which have been ac-

* Not printed.

quired in the subsoil in accordance with the Mining Law of 1884. Upon this question of the nonretroactive effect of article 27, the President of the Republic has already stated his opinion in a clear manner that all rights acquired legitimately must be respected, and he has supported this opinion by repeated acts of his Government. But even though the legislative power has already eloquently manifested the same opinion, until the organic law of constitutional article 27 shall be promulgated, the signature of the President of the Republic placed on an international treaty which would fix interpretations of said article would be equivalent to an undue invasion of the exclusive sphere of the legislative power, since, although a constitutional text establishes a principle, its particular effects may only be determined by the organic law which regulates it, and this has still to be enacted by the Congress of the Union.

In this respect, that is, as to the inexpediency of signing an international treaty which should include the clause under discussion, the attitude of the Executive Power of Mexico cannot be modified, and also it cannot be modified because the Supreme Court of Justice of the Nation has already rendered its decision which accepts the principle of nonretroactivity of article 27, whence it is to be expected that all the cases pending before this same tribunal will be decided according to the same principle.

Article 2 of the projected treaty refers to the religious liberty of the citizens of each of the contracting parties in the territory of the other, and it is desired that citizens of the United States, in Mexico, shall have the same rights as citizens of Mexico, in the United States. On another occasion I presented to you the legal reasons which preclude the Mexican Government from accepting this stipulation, but I refrain from dwelling upon these again, since you have already informed me that the Government of the United States will not insist upon this point.

The foregoing are the principal objections of legal character which the Government of Mexico would raise to signing the proposed treaty; and regarding the contents of the clauses to which these objections refer, Mexico would desire that another arrangement be made more compatible with the laws. All the other articles of the treaty in question could be accepted with slight variations, and the omission of those which refer to points embraced in the projects for the Mixed Claims Commissions, which are already in the possession of the American Chancellery.

I sincerely hope that the Department of State will appreciate the force of these observations in the same cordial spirit in which they are made, as well as the natural just scruples of the President of the Republic for the dignity of the country, in obtaining recognition for his Government on the basis of previous pledges; and

that, in view of all this, the American Government will accept these observations and will respect his scruples. This being the case, the signing of convention number 1, to which I made reference at the beginning of this note, would signify implicitly the recognition of the Government of Mexico, and, diplomatic relations between the two Governments being thus resumed, the signing of convention number 2 could be proceeded with, and the designation of the respective Ambassadors, through the medium of whom the details of the Treaty of Amity and Commerce which the American Chancellery desires would be studied and the treaty definitely formulated.

I remain [etc.]

A. J. PANI

711.1211/81

The Secretary of State to the Chargé in Mexico (Summerlin)

No. 2044

WASHINGTON, April 15, 1922.

MY DEAR MR. SUMMERLIN: It is my desire to leave nothing undone to promote friendly relations with Mexico and to bring about an early and satisfactory solution of existing questions. To this end I have considered most carefully the reports of your conversations with Mr. Pani and especially his informal note, addressed to you under date of February 9, 1922.⁹ I have been hoping that proceedings would be taken by the Mexican authorities which would aid in clearing up some of these questions, but as nothing appears to have taken place which changes their aspect I shall review in detail Mr. Pani's communication and ask you to address him, informally, in the sense of this instruction.

I am gratified to note that the Mexican authorities are disposed to sign immediately the two Conventions on Claims which they have proposed. There are provisions of these Conventions which would require special consideration, and I should have certain suggestions to make with respect to their tenor and scope, but I apprehend that there would be no great difficulty in reaching mutually satisfactory conclusions upon these points. I am also gratified to observe that it is recognized as entirely consistent with the friendship between the two peoples and compatible with a proper sense of national dignity, that recognition should be given concurrently with the signing of a treaty. This is the clear import of Mr. Pani's suggestion with respect to the implicit recognition of the Government of Mexico in the signing of proposed Convention No. 1 relating to claims arising out of the Mexican revolution during the period between November 1910 and May 1920. All objection to recognition through the signing of a treaty apparently having disappeared, the

⁹ *Supra*.

only remaining question is, What shall the treaty be? Mr. Pani suggests that it should be simply the proposed Convention No. 1 as to claims. The Department of State has suggested that it should be the proposed Treaty of Amity and Commerce which contains provisions as to the adjustment of claims. I am indifferent to a mere matter of procedure and I have no objection to satisfactory conventions relating to claims being embodied in separate documents. I am, however, quite as much concerned with the importance of suitable assurances for the adequate protection of American citizens and their property rights as I am with the desirability of a convention as to claims; and I am unable to see any reason why assurance should be given as to the adjustment of claims and not be given in the same manner with respect to the protection of fundamental interests.

It will be quite satisfactory to this Government to have the Claims Convention, or Conventions, signed first, provided it is clearly understood that the signing of a Treaty of Amity and Commerce, with provisions previously agreed upon and put in draft form (as in the case of the Claims Conventions), shall follow without delay.

The question then is as to the appropriate terms of such a treaty.

Mr. Pani refers to the desire of the United States to be assured "that the rights acquired by American citizens prior to the governance of the Constitution of 1917 are adequately safeguarded," and states that this desire is "quite explicable" but in the judgment of the Mexican authorities is "altogether satisfied in a practical and concrete manner—despite the absence of agreements or treaties—by the mere effects of the policy" which the present regime in Mexico has adopted. It is agreeable to observe that there is apparently no disposition to question the propriety of the purpose of the United States, as above stated, and it would be most gratifying to find in Mexican policy the adequate assurances which are desired. It cannot be forgotten that Mr. Venustiano Carranza gave the most explicit personal promises, on the basis of which his government was recognized, and that these promises were ignored and the execution of a confiscatory policy was decreed. While General Obregon has from time to time made statements manifestly intended to be reassuring, it cannot fail to be noted that these statements have been of a personal nature, and that there has been an utter absence of appropriate governmental action binding Mexico to afford that protection of valid titles which it seems to be admitted that the Government of the United States is entitled to ask. In view of this, I shall not undertake to review the course of the existing regime, or to demonstrate, as could easily be done, that, while in some cases confiscatory measures have been halted or postponed, in numerous other cases there has continued to be flagrant disregard of property rights

of American citizens. Nor can it be considered strange or inappropriate that, in the light of events in Mexico during the past eleven years, there should be some better assurance than any mere temporary abstention from the prosecution of the confiscatory policies which had been officially avowed.

Neither the Executive, nor the Judicial, nor the Legislative Department in Mexico has taken appropriate action to establish, against the confiscatory policy which had been announced, the security of valid titles acquired in conformity with Mexican law prior to the Constitution of 1917. The Executive has disclaimed authority to give adequate assurances. There have long been pending before the Supreme Court of Mexico a number of cases which it is understood involve questions relating to the validity of proceedings threatening property rights and various points of the application of the Constitution of 1917, but, with the exception of one decision of a limited and inadequate character, these cases remain undecided and the questions involved are still unsettled. When it is remembered that it is provided by the Amparo Law of Mexico that the decisions of the Supreme Court of Justice shall "constitute jurisprudence, whenever what is decided is found in five decisions not interrupted by another to the contrary" it becomes evident that the desired assurance cannot be found in any judicial action.

The Congress, although the subject has long been under consideration, has not enacted an Organic Law regulating the application of the principles of Article 27 of the Constitution of 1917, and this is given as a reason for the lack of Executive action.

It is in the interest of friendly relations between the peoples of the United States and Mexico that there should be no misunderstanding as to the policy to be followed by Mexico in the future. If there is to be continued confiscation of property rights, this should be known. If property rights are to be properly safeguarded, there can be no objection to an agreement to that effect, and in view of what has taken place in Mexico it is manifestly fitting that such an agreement should be made.

Dealing with what Mr. Pani describes as the principal objections raised by the Mexican authorities to the acceptance of the stipulations in the proposed Treaty of Amity and Commerce, I may make the following observations:

First. Mr. Pani objects to the first paragraph of Article 1 of the proposed Treaty that "the citizens of each of the High Contracting Parties shall have liberty to . . . own or lease and occupy houses, manufactories, warehouses and shops . . . upon the same terms as native citizens, submitting themselves to the laws and regulations there established." Mr. Pani points out that Section 1 of Article 27

of the Constitution of 1917 provides that only Mexicans by birth or naturalization "have the right to acquire ownership (*dominio*) in lands, waters and their appurtenances in the Republic of Mexico," and that although the Nation may grant the same right to foreigners it may do so only upon stated conditions which are not required of Mexicans. Mr. Pani observes that under this provision of the Constitution the equality of treatment which the first paragraph of Article 1 of the proposed treaty would establish for Americans cannot be conceded.

In answer to this objection, it should be noted that the paragraph of the treaty above quoted does not refer to ownership of lands and waters. The "*dominio*", to which Mr. Pani refers, is not involved, as it is recognized that Mexico may, if she chooses, exclude all foreigners from ownership of land within her borders so far as future transactions are concerned and provided that valid titles already acquired are protected. The proposed paragraph of the Treaty has relation not to the ownership of land but to freedom of trade and commerce and provides reciprocally that the citizens of each of the contracting parties may "enter, travel, and reside in the territories of the other to manage their affairs, to exercise their professions, to carry on trade, wholesale and retail, to own or lease and occupy houses, manufactories, warehouses and shops, to employ agents of their choice, to lease land for residential and commercial purposes, and generally to do anything incident to or necessary for trade upon the same terms as native citizens, submitting themselves to the laws and regulations there established." This is a familiar provision, the limitations of which are easily established, and is not deemed to be in conflict with the constitutional provision.

Second. Objection is also made to the provision of the sixth (fifth) paragraph of Article 1 of the proposed Treaty that "property rights of whatever nature, heretofore or hereafter acquired by citizens of either country within the territories of the other, in accordance with the laws thereof, shall under no circumstances be subjected to confiscation, under constitutional provisions, legislation or executive decrees or otherwise." Mr. Pani expressly recognizes that "generally speaking, this stipulation does no more than formulate the universal principle of respect for acquired rights, wherewith the Government of Mexico could do nothing else than be in accord." Mr. Pani takes exception, however, to the insertion in the proposed Treaty of a provision "that confiscation—even if the Constitution decreed it—may not be carried into effect." He urges his objection upon the ground that the constitutional provision would be effective as the supreme law of the nation and would

have "to be respected above treaties." In this connection he cites numerous authorities.

It is necessary to point out the distinction between domestic law and international obligation. It is, of course, true that a Nation may by its Constitution and laws override treaties, but by such domestic acts, however sanctioned nationally, it cannot escape its international duties and obligations. The fact that a Nation exerts its power through its organs of government to commit a breach of a treaty engagement in no way permits it to avoid the international consequences of such a breach.

It is not supposed that from the standpoint of international relations Mexico desires to reserve the right of confiscation, for this would be in disregard of what Mr. Pani properly calls the "universal principle of respect for acquired rights" and would place Mexico beyond the pale of international intercourse. And I assume that it would not be sought to be maintained that an engagement so completely in accord with universal principle would lie outside the range of the treaty-making power.

If Mexico binds herself not to confiscate property, manifestly any action she may take for the purpose of confiscation, no matter how the act is locally authorized, would violate her engagement. As this is not open to question, I have no desire to create difficulties by mere form of words and I am quite willing to leave the treaty with the absolute agreement that acquired property rights "shall under no circumstances be subjected to confiscation" without any mention of the particular form through which the confiscation may be sought to be effected, that is, to omit the particular phrase, "under constitutional provisions, legislation or executive decrees or otherwise," to which Mr. Pani interposes his objection.

Third. The next objection which Mr. Pani raises is to the seventh (sixth) paragraph of Article 1 of the proposed Treaty, which stipulates that neither the Constitution of 1917 nor the Decree of January 6, 1915, to which the Constitution refers, shall have retroactive effect, and that all rights which had been acquired by Americans prior to the governance of the Constitution of 1917 shall be respected, including the ownership of sub-soil substances acquired in accordance with Mexican laws.

Mr. Pani says that "upon this question of the non-retroactive effect of Article 27" (of the Constitution of 1917), General Obregon "has already stated his opinion in a clear manner that all rights acquired legitimately must be respected." But Mr. Pani adds that "until the Organic Law of Article 27 of the Constitution shall be promulgated, the signature of the President of the Republic, placed on an international treaty, which would fix interpretations of said

Article, would be equivalent to an undue invasion of the exclusive sphere of the legislative power, since, although a constitutional text establishes a principle, its particular effects may only be determined by the Organic Law which regulates it, and this has still to be enacted by the Congress of the Union."

I am gratified to note Mr. Pani's confirmation of the view that had been entertained of the purport of General Obregon's statements, but what Mr. Pani says, unfortunately, again directs attention to the inconclusive nature of these statements. As to the precise point that, in the absence of the promulgation of the Organic Law, the Treaty could not be signed because it would be an invasion of the legislative power, it may be sufficient to say that I am not advised of any reasons for the delay in the enactment of such an Organic Law. This impediment to the execution of an appropriate treaty could readily be removed by the Mexican Congress. I am at a loss to understand, however, why such an impediment should be deemed to exist, inasmuch as under the Constitution of 1917 (Art. 89, Par. X), the President is expressly authorized "To conduct diplomatic negotiations and to make treaties with foreign powers, submitting them for ratification to the Congress." There appears also to be a provision in the same Constitution (Art. 76, Par. I), authorizing the Senate "To approve the treaties and diplomatic conventions concluded by the Executive with foreign powers."

Hence there would appear to be no reason under this objection for delay in the signing of the proposed Treaty unless it is supposed that the Congress of Mexico will insist upon a confiscatory policy, and if this be the case, it is necessary to say that such an attitude would be a bar to the resumption of diplomatic relations.

Fourth. The next objection is to Article 2 of the proposed Treaty, which refers to the religious liberty of the citizens of each of the contracting parties in the territory of the other, and provides that citizens of the United States in Mexico shall enjoy the same right to engage in religious worship and in all other matters appertaining to religion and education as citizens of Mexico enjoy in the United States.

Mr. Pani states that this provision could not be accepted by Mexico. I assume that Mr. Pani has in mind the provision of the Constitution of 1917 (Art. 27, Par. II) that "religious institutions known as churches, irrespective of creed, shall in no case have legal capacity to acquire, hold or administer real property or loans made on such real property" and that "all such real property or loans as may be at present held by the said religious institutions, either on their own behalf or through third parties, shall vest in the Nation, and anyone shall have the right to denounce property so held."

If this provision is regarded as retroactive, and thus in violation of the universal principle to which Mr. Pani has referred, it would seem to be clear that any taking of property by the authorities under this provision would have to be deemed an expropriation for which Mexico would be bound to make prompt and adequate compensation.

Mr. Pani says that the foregoing are the principal objections of a legal character which would be raised to signing the proposed Treaty and that "all the other articles of the Treaty in question could be accepted with slight variations, and the omission of those which refer to points embraced in the projects for the mixed claims commissions." In this view, I should suppose that it would not be difficult to give to the United States the guarantees which are plainly appropriate.

I desire to have you again express informally to Mr. Pani, and through him to General Obregon, my desire, in the interest of the promotion of the most friendly relations between the peoples of the two countries, that these questions should be settled at an early date, conformably to the familiar and fundamental principles which govern the intercourse of friendly states.

I am [etc.]

CHARLES E. HUGHES

711.1211/36

The Chargé in Mexico (Summerlin) to the Secretary of State

No. 5437

MEXICO, May 5, 1922.

[Received May 13.]

SIR: I have the honor to acknowledge the receipt of your No. 2044, of April 15, 1922, relative to your desire to leave nothing undone to promote friendly relations with Mexico and to bring about an early and satisfactory solution of existing questions. I am enclosing herewith a copy of my informal note No. 187, of April 20, 1922,¹⁰ to Mr. Pani, in which I addressed him in the sense of your above-mentioned instruction.

I am now in receipt of Mr. Pani's informal reply, dated May 4, 1922, a copy and translation are enclosed herewith. Mr. Pani stated to me that in his informal note he was replying frankly and in detail to my informal note and in a like friendly manner. Mr. Pani stated that the "religious" article in your proposed Treaty of Amity and Commerce was directly in violation of the Mexican Constitution (of 1917), Article 130, seventh paragraph, final sentence, which reads as follows:—

"Only a Mexican by birth may be a minister of any religious creed in Mexico."

¹⁰ Not printed.

In this connection, Mr. Pani stated that foreigners, who are ministers of religious creeds in Mexico are now practising their profession without molestation on the part of the Mexican authorities.

I have [etc.]

GEORGE T. SUMMERLIN

[Enclosure—Translation ²¹]

The Mexican Secretary of State for Foreign Affairs (Pani) to the American Chargé (Summerlin)

MEXICO, May 4, 1922.

MY DEAR MR. SUMMERLIN: Pursuant to instructions which the President of the Republic has given me, I have the honor to refer to your informal note number 187 of the 20th ultimo,²² in which you were pleased to inform me of the attitude of the Government of the United States towards the contents of my informal note of February 9th, and towards my other statements, likewise unofficial.

The Government of Mexico appreciates highly the feelings which animate the Government of the United States with regard to the resumption of diplomatic relations between the two countries, as well as its purpose to spare no efforts to bring about this desirable object through a prompt and satisfactory solution of the questions which are now pending. You may rest assured that so far as my Government is concerned it is animated by feelings and aims no less ardent and firm.

I fear, however, that despite its high purpose, the Government of the United States has not given due consideration to that which is essential in the attitude of the Government of Mexico towards the problem in question, for thus only can I explain how my informal note of February 9th could have been interpreted as an admission that it is "consistent with the friendship between the two peoples and compatible with a proper sense of national dignity, that recognition should be given concurrently with the signing of a treaty," be this treaty convention no. 1 relating to claims, or the proposed Treaty of Amity and Commerce; and how this interpretation could have given rise to the statement contained in your note under reply that "all objection to recognition through the signing of a treaty apparently having disappeared," and that the Government of the United States "is disposed to sign first the claims convention or conventions, provided it is clearly understood that the signing of a Treaty of Amity and Commerce, with provisions previously agreed upon and

²¹ File translation revised.

²² Not printed.

put in draft form (as in the case of the claims conventions) shall follow without delay."

I have reread carefully the text of my note of February 9th and therein I find nothing, either in spirit or in letter, that could be understood in the above sense, and in support of this I take the liberty to quote at length the two paragraphs which, without any doubt, constitute the principal motive of that note, although incidentally I may have mentioned therein—out of deference to your repeated verbal requests and the desires expressed in a previous informal note from you of February 6th—some of the most serious objections, of a political and legal character, which could be made against the proposed Treaty of Amity and Commerce.

The first one of the said paragraphs reads as follows:

"The Mexican Government, as I have expressed to you on other occasions, is disposed to sign immediately the conventions on claims the drafts of which it submitted to the Government of the United States as a result of the general invitation which this Government extended to the governments of all countries whose nationals have claims pending against Mexico. With the signing of convention number 1, upon the Government of Mexico's being implicitly recognized and diplomatic relations being resumed, concurrently all the difficulties emanating from the present revolution would be eliminated. With the signing of convention number 2 the difficulties of the past which still persist and which might impede the friendly *rapprochement* of the two peoples would disappear. And thus the field being cleared of obstacles, past and present, the Government of Mexico would be enabled to enter into a discussion of the Treaty of Amity and Commerce, if such a treaty should serve as a factor in strengthening the future bonds between the two countries."

And, as I said before, after incidentally mentioning some objections to the Treaty of Amity and Commerce of a political and legal character, from the Mexican point of view, my note of February 9th concludes with the following paragraph, which does naught else but confirm, in a most concrete and positive manner, the contents of the paragraph just quoted, namely:

"I sincerely hope that the Department of State will appreciate the force of these observations in the same cordial spirit in which they are made, as well as the natural just scruples of the President of the Republic for the dignity of the country, in obtaining recognition for his Government on the basis of previous pledges; and that, in view of all this, the American Government will accept these observations and will respect his scruples. This being the case, the signing of convention number 1, to which I made reference at the beginning of this note, would signify implicitly the recognition of the Government of Mexico, and, diplomatic relations between the two Governments being thus resumed, the signing of convention number 2 could be proceeded with, and the designation of the re-

spective Ambassadors, through the medium of whom details of the Treaty of Amity and Commerce which the American Chancellery desires could be studied . . . ”

I have made the preceding rectification because my Government considers that its present position as clearly defined in the above paragraphs quoted from my note of February 9th, a position approved not only by Congress, as shown by the intense and eloquent manifestations of approval which followed the reading of the pertinent part of the Presidential message in the solemn session of September 1st of last year, but also by the entire people of Mexico, as expressed in many ways by public opinion; I say, my Government considers that its present position represents the fullest measure of its sentiments of friendship toward the American people, since it is placed in the best possible position to satisfy the claims, repeatedly formulated, by the Chancellery of the White House, naturally with the approval of Congress and the people, and without exceeding the bounds imposed by the dignity of Mexico, a nation whose sovereignty has not been questioned for more than one hundred years of autonomous life.

In this sense, I take the liberty of reminding you that the paragraph of the said Presidential message which relates to the Mexican-American international situation, after declaring explicitly that “Our Government is concerned as much as that of the United States with the protection of American interests in Mexico, since this protection is one of its most urgent duties toward that great country, not only because of the material bonds which their geographical position necessarily creates, but also owing to those moral bonds—even stronger—of our sympathy with its democratic institutions and the noble qualities of its people.” After that explicit declaration, I repeat, the diplomatic problem growing out of this embarrassing international situation is reduced to the following statement:

“The two Governments, then, are in accord in this aim, and the Government of Mexico, with a view to cooperating more effectively in its realization, that is, in order that this realization may take a form such as may strengthen the prestige of the Mexican Government, and enable it better to fulfill the duty of protection, referred to above, and be at the same time the basis of closer future relations between the two countries, has preferred to eliminate, by the natural development of its political and administrative policy, the occasion for promises which might humiliate it, and it proposes to follow this course until the field appears sufficiently free of obstacles to permit its being recognized without prejudice to its national dignity and sovereignty, and to be able later, under equal conditions, to conclude and celebrate such treaties as it may deem necessary for the greatest cordiality in the resumed diplomatic relations between the two countries.”

Such is our course; and in keeping with our national sentiment, the Government of Mexico has always endeavored to clear it of all obstacles; in domestic affairs by seeking to put into force the political and administrative policy which we have adopted, a policy better and more effective for the protection of foreign interests than any written guarantee and one which affords the maximum development consistent with human possibilities and the nature and magnitude of the work undertaken; in foreign affairs by adjusting ourselves to everything which is not in opposition to that policy and which does not affect the dignity of the Nation. This conciliatory policy was, precisely, the one which inspired this Chancellery, towards the end of last year, to propose to the Chancellery of the United States a convention which would create a Mixed Commission to decide all American claims for damages arising from the last Mexican revolution.

The Government of Mexico sincerely believes that a similar convention might with advantage be substituted, with the object of resuming diplomatic relations between the two countries, for any treaty of amity and commerce, thought out and written in the tenor proposed by the Department of State of Washington, not only from the Mexican viewpoint, but also—and chiefly—from the American. To this end, I again take the liberty to bring to the attention of the Department of State, through you, the following points:

1. The imposition of fixed obligations as an indispensable condition for granting recognition to a legitimate government, which has the support of all the governed, and whose authority is exercised peacefully throughout the land over a sovereign people and in accordance with the laws in force, is an affront to the dignity of that people, and, if such an event should take place, the Government so recognizing the other, would, by this act alone, alienate the confidence and sympathy of the people concerned, and would undermine future international friendship. Moreover, such an unfortunate event would set a regrettable precedent regarding small nations and international ethics and, moreover, would be contrary to the humanitarian doctrine of which the Government of the White House has proved itself to be a manifest supporter and advocate, namely, the doctrine that the government of a weak country merits the friendship of governments of strong nations all the more when its power of resistance in defense of its national dignity and sovereignty is less.

It may be said, in this respect, that the situation has not been improved by reason of the concession made by the Department of State which you formulated in your last informal note of April 20th as follows:

"My Government is disposed to sign first the claims convention (or conventions), provided it is clearly understood that the signing of a treaty of amity and commerce with provisions previously agreed upon and put in draft form (as in the case of the conventions) shall follow without delay."

2. The material part of the proposed Treaty of Amity and Commerce, the part which really interests the American Government because it constitutes the written guarantee which it desires in respect of the rights of its nationals in Mexico, contains flagrant violations of the Constitution of this country and interpretations of some of the precepts thereof not regulated yet by the Honorable Congress of the Union which is the sole authority to which the Mexican people has delegated powers so to do. The truth of this assertion persists, as I have proved to you verbally, notwithstanding the refutation and the modifications included in the body of your note of April 20. Again, inasmuch as the Mexican Government holds that frankness is one of the best characteristics of real friendship, it does not hesitate to state frankly its belief that, in the present state of things, any wording of the pertinent clauses of the treaty which might be altogether satisfactory to the wishes of the American Chancellery—according as those wishes have been expressed—would be subject to the same defect, and would place the President of the Mexican Republic, were he to sign said treaty, in a position in opposition to the organic act defining his powers, and in opposition to his solemn declaration to comply with, and to enforce compliance with, the Constitution, or, at least, of invading, by undue interpretations, the exclusive sphere of the legislative power.

It is certain, therefore, that even if the President were to sign the said Treaty of Amity and Commerce, or a similar instrument, such a treaty would not be ratified by the Senate, and the conditions under which recognition had been granted to the Government of Mexico, being unfulfilled, diplomatic relations between the two countries would again be broken; the international situation would be graver than it is now; and the unconstitutional guarantees of protection to American interests, embodied in that treaty, would be without effect, and American interests would be, indeed, in a state less favorable than the present one.

3. The substantial agreement which exists between the American demands and the topics of the political and administrative program which the present Government of Mexico has adopted in respect of interests of foreigners, is evident. Now, the signing of the treaty in question would divest the governmental acts in execution of the said program of their character of spontaneity, by giving them

the character of a forced obedience imposed by a foreign power, and no one doubts that, in such a case, all chances of success which the Executive would have, in virtue of his right to propose laws to Congress, would be doomed to failure; and the signing of the treaty would not only obstruct further the development of our domestic policy (which policy includes due protection to foreign interests in Mexico), but also would greatly complicate the international question, even though the aforesaid treaty might have been signed by the President and ratified by the Senate.

4. The identity, therefore, of the aims by both Governments in that which relates to the due protection of American interests in Mexico, are identical. On July 12, 1921, this Chancellery extended an invitation to all governments whose nationals had claims pending for damages caused during the recent Mexican revolution, to enter into agreements to set up mixed commissions which should study and decide such claims. This invitation was based on article 5 of the decree of May 10, 1913, issued by the First Chief of the Constitutional Army, Señor don Venustiano Carranza, and on amended article 13 of the law of December 24, 1917. Last year the Government of Mexico submitted to the Government of the United States, as a lawful and spontaneous act, a proposed convention, which, while incidentally resuming diplomatic relations between the two countries, without impairing the dignity and sovereignty of either, and in form almost identical with the one proposed by the Department of State at Washington, (the signing of a treaty) might, at the same time, contribute to making more effective the protection desired for said American interests and be an augury of closer international relations.

5. The Government of Mexico has gone even farther. Considering that the above-mentioned convention did not include within its jurisdictional capacity many other claims which were pending between the two countries which might even diminish the cordiality of their diplomatic relations, my Government submitted for the consideration of the Department of State at Washington, at the same time when it submitted that convention, another convention to create, subsequently, a Mixed Commission which should hear and decide all pending claims mentioned, according to the principles of international law.

Finally, as a complement to the five preceding points, I can do no less than submit for the consideration of the Department of State, in the problem under consideration, that it is necessary to dissociate the moral entities called "American Government" and "Mexican Government" from the physical persons who direct or form these

entities, since, in the present case, the change in the physical persons who constitute the Public Administration of Mexico has been brought about legally, and without any break in continuity of the entity "Mexican Government" which was established after the revolution of 1913; and it appears somewhat inexplicable that the same moral entity "Government of the United States" should maintain and suspend successively its diplomatic relations with the same moral entity "Government of Mexico"; and that the former of these acts, that is, the resumption and maintenance of diplomatic relations, should have taken place precisely when great portions of the national territory were still separated from legal authority and when the application of the laws was still impaired by harsh and revolutionary radicalism; and that the latter of these acts, that is, the suspension of diplomatic relations, should have taken place when the legal authority had succeeded in establishing itself in all the country and when the application of those same laws had been modified as much as possible in order to reach an equilibrium in respect of all national interests.

I am pleased, Mr. Summerlin, to close and sum up my above statement by declaring that the road followed by the Government of Mexico, in a thorny field, has not been blindly marked out by any preconceived arbitrary idea; rather, and very much to the contrary, it is the result of compromises through constant efforts made by the Government to reconcile its moral obligations and the political conditions and necessities of the country with the demands—without doubt well-intentioned—of the American Chancellery; and this Government has the deep conviction that its efforts in this direction have brought it considerably closer—as I have said in another part of this note—to the position embodied in the American demands. There is only lacking, then, that the Government of the White House, actuated by the good will which it has manifested toward the Mexican people, and in accordance with its desires to see diplomatic relations between the two neighbor countries resumed, as well as to see present and future protection of American interests in Mexico rendered more effective, shall give its friendly sanction to the policy established by this Government, in order that such act—which will be duly appreciated in Mexico and throughout the entire world—may satisfactorily solve a problem, an act which without any doubt will be of great benefit to both countries, to the American continent, and to humanity.

I remain [etc.]

A. J. PANI

711.1211/36: Telegram

The Secretary of State to the Chargé in Mexico (Summerlin)

WASHINGTON, May 15, 1922—5 p.m.

70. You will request Mr. Pani to elucidate the paragraph of his note at the bottom of page 6¹³ of the translation accompanying your despatch 5437 of the 5th instant which reads

“The Government of Mexico sincerely believes that a similar Convention might with advantage be substituted, with the object of resuming diplomatic relations between the two countries, for any Treaty of Amity and Commerce, thought out and written in the tenor proposed by the Department of State of Washington, not only from the Mexican viewpoint, but also—and chiefly—from the American.”

You will inform him that the Department is in doubt as to whether and why he now proposes, in addition to the two original claims conventions proposed by him, a third convention which is to be substituted for the draft treaty. You will ask him to give you a frank explanation of these points.

You will also request Mr. Pani to advise you specifically as to what constitutes the political and administrative program referred to on pages 6 and 9¹⁴ of the translation of his note, particularly with respect to the measures in view, to what extent the program has been carried out, and how soon it will be completed.

HUGHES

711.1211/39

The Chargé in Mexico (Summerlin) to the Secretary of State

No. 5560

MEXICO, May 25, 1922.

[Received June 5.]

SIR: I have the honor to acknowledge the receipt of the Department's telegram (No. 70, May 15, 5 p.m.), in which I was instructed to request Mr. Pani to elucidate a certain paragraph in his informal note of May 4, 1922.¹⁵ I was also instructed to request specific information as to the Mexican political and administrative program referred to in Mr. Pani's note, the extent to which the program has been carried out and how soon it will be completed. I lost no time in bringing the matter informally to Mr. Pani's attention, and I am now in receipt of Mr. Pani's informal note, dated May 24, 1922, in

¹³ Paragraph 2, p. 656.¹⁴ Paragraph 1, p. 656, and paragraph 3, p. 657.¹⁵ *Ante*, p. 653.

reply, a copy and translation of which are herewith enclosed. It will be noted that Mr. Pani takes exception to the Embassy's translation of the paragraph referred to in the Department's telegram of May 15th. In this connection reference is respectfully made to the Spanish text of the paragraph mentioned. However, I am of the opinion that this revision is made in good faith. The other changes mentioned by Mr. Pani are of small importance. I am forwarding, however, the only copy in English he furnished the Embassy.

Mr. Pani stated, when he handed me this informal note, that it was a sincere and honest exposition, and that it evidenced their desire frankly to elucidate the matters under negotiation.

With reference to his reported desire to go to Washington for conference with the Secretary, Mr. Pani said he thought it best to await the receipt of this note by the Department; after which, should further elucidation be desired, he should be glad to go to Washington for that purpose, and even to sign the Claims Conventions proposed by him. In this connection, I have reason to believe that Mr. Pani would be pleased to receive an intimation, if not an invitation, to come to Washington for informal and unofficial Conference with the Department in connection with these negotiations, now that he has elucidated certain portions of his note of May 4th last, desired by the Department, as stated in its telegram No. 72, of May 17, 4 p.m.¹⁶

I have [etc.]

GEORGE T. SUMMERLIN

[Enclosure—Translation ¹⁷]

The Mexican Secretary of State for Foreign Affairs (Pani) to the American Chargé (Summerlin)

MEXICO, May 24, 1922.

MY DEAR MR. SUMMERLIN: I am pleased to answer your courteous informal note no. 231, of the 16th instant, as follows:

1. The paragraph which you transcribe from the English translation made by your Embassy of my note of May 4¹⁸ completely changes the sense of the original Spanish. In order that so deplorable an inversion shall not continue, it is necessary to substitute for that paragraph the following:¹⁹

"The Government of Mexico sincerely believes that such a Convention might advantageously substitute, with the object of resuming diplomatic relations between the two countries, any Treaty of Amity and Commerce, thought out and written in the tenor proposed

¹⁶ Not printed.

¹⁷ File translation revised.

¹⁸ *Ante*, p. 653.

¹⁹ The paragraph appeared in English in Mr. Pani's note.

by the Department of State of Washington, not only from the Mexican viewpoint, but also—and chiefly—from the American.”

Furthermore, I find some other discrepancies between the complete copy of the English translation (which you sent me under separate cover) and the original Spanish, although these discrepancies are not of equal importance; and I take the liberty, while returning the aforesaid copy to you, to enclose with it a copy of the corrected text,²⁰ on which changes or additions have been made in red ink in those parts of the American Embassy translation which are incorrect or omitted.

2. By simply substituting the English paragraph, quoted above, for the corresponding paragraph of the American Embassy's version, the doubt of the Department of State would be dispelled. In fact, the convention to which this paragraph relates, and which my note of May 4th considers the best substitute for the proposed Treaty of Amity and Commerce, or similar instrument, for the purpose of resuming diplomatic relations between the two countries, is not a third convention. The Government of Mexico has never thought to propose a third convention for that object, but rather, the first of the two conventions already submitted for the consideration of the American Chancellery, that is to say, the one which has for its object the creation of a Mixed Commission which shall study and decide claims for damages arising from the late Mexican revolution.

3. The last question in your note in reply refers to matters concerning the political and administrative program of the present Government of Mexico which relate to the foreign interests located in or to be located in national territory; to the part of that program which may now be considered as carried out and to the probable duration of its complete realization.

In order to define, on this occasion, the treatment offered to foreign interests by the political and administrative plan which the Government, presided over by General Alvaro Obregón, has been developing, it were sufficient to recall the pertinent parts of Obregón's numerous public and private declarations, since the manifesto with which he initiated his electoral campaign as candidate for the Presidency of the Republic; in all of these, in said manifesto, and in his addresses as candidate, as well as in his frequent declarations as First Magistrate of the Nation—among which, for instance, might be mentioned those of April 2, 1921, transmitted to the principal periodicals of the world;²¹ those of May 20th, telegraphed to the Con-

²⁰ Not found in Department's files.

²¹ Declarations made by Gen. Obregon to the Foreign Office, *Foreign Relations*, 1921, vol. II, p. 395.

solidated Press Association;²² those of June 27th sent to the *New York World*;²³ those contained in the Presidential message of September 1st to the Honorable Congress of the Union;²⁴ those of December 31st, communicated to foreign Chancelleries through our Legations;²⁴ the private letters to the Honorable President Harding of June 11th and August 18th,²⁵ etc.; all these declarations, I have said, contain such expressions of the purposes of the present President of Mexico regarding the interests under discussion that they constitute a voluntary and solemn promise or obligation undertaken by that high public official—not only before his own country, but also before the entire world—to offer a gratuitous hospitality to the capital and persons of foreigners who may have come or who may desire to come to cooperate honorably and reasonably with the Mexican people in the exploitation of the national riches.

This offer of hospitality implies, as has been clearly stated in some of the declarations mentioned, equitable reparations for damages suffered, by reason of the revolution, by persons and interests now located in Mexico, and the possibility of future favorable development of those interests and of those which hereafter may come here, not by means of unjust privileges, but by the strict application of the laws, and by granting to those interests all the guarantees which these same laws bestow and all the facilities consistent therewith.

I believe that the complete realization of this plan would go further in satisfying all the demands which the most exacting Government in the world might make in favor of the interests and the persons of its nationals located in another country.

I cannot, for reasons which are obvious, meet the request which you make in the final part of your last note, that is, to fix a period within which reparations will take place for all damages done to the interests or persons of foreigners in Mexico, and within which all the guarantees and facilities which such interests and persons may derive from the full carrying out of the political and administrative program of this Government will be granted. In fact, such reparations, guarantees, and facilities are not simply the result of the perfect normalization of the Nation's internal life. The nature and complexity of this problem would be sufficient to make each delay excusable and any prediction uncertain. They are also influenced by the normalization of international relations, directly as well as

²² Not printed.

²³ Quoted *infra*.

²⁴ Not printed; on June 23, the Department was informed that these statements were made early in Jan. 1922 and to the press, not to the foreign chancelleries (file no. 711.1211/47).

²⁵ *Foreign Relations*, 1921, vol. II, pp. 416 and 424, respectively.

indirectly, because these relations inevitably react upon the internal state of the country. Unfortunately, the state of international relations does not depend upon the will of the Government of Mexico.

I may, nevertheless, recall, by way of example, from the many acts already performed for the purpose of rehabilitating the country abroad, some which, by their character and importance, may be sufficiently demonstrative of the firmness of purpose which animates this Government in such respect, and of its capacity to accomplish that purpose.

THE NEW LEGISLATION AND PROPERTY

In the first place, I must refer to the character of our recent legislation which has provoked so much alarm among national conservative elements and, above all, among foreigners, not so much because of the changes introduced in the former land system, but principally because it was believed—and certain acts of the preceding Government, perhaps, warranted such belief—that the new land system was to be introduced in a confiscatory and retroactive way.

Each of the Presidential declarations mentioned above contains unequivocal expressions of the intentions of the Government in this respect. Those of June 27, 1921, to the *New York World*, for example, say:

“ . . . To-day we profess the principle that the natural resources of the Nation belong to the Nation. Never will the Mexican people tolerate a Government which shall not be founded upon this principle.

“ This does not imply, by any means, a policy of isolation. Mexico is not so unwise as to think that she can live or work alone; nor has she such a desire; but in the future we shall demand an equitable share in her development. We have now broken forever with the policy of grants, bribery, and submission. We shall invite foreign capital, and it will be treated justly, but we will not grant it excessive privileges at the expense of the rights of the people.

“ Having established this point, I take the liberty to declare that in such a policy there is not the least indication or intent to confiscate. This falsehood has been invented by those who feel that our policy of nationalization will be in opposition to future campaigns of monopolistic exploitation. All rights of private property acquired prior to May 1, 1917—the date on which the present Constitution was promulgated—will be respected and protected. The famous article 27, one of whose clauses declares the petroleum deposits of the subsoil to be the property of the Nation, will not have retroactive effect. . . .”

The frequency with which these expressions have been invariably repeated, and the numerous administrative acts of this Government (so respectful of the rights of property acquired before the Consti-

tution of 1917 came into force, which has not disturbed the interests enjoying such rights, for which end it has been necessary even to withhold decrees interpreting Constitutional article 27 retroactively issued by a former legal Government duly recognized by the Government of the United States); both of these facts, I say, repeated official declarations, and administrative acts in keeping therewith, have tended to mitigate the radical evils of the revolution and to create a national political atmosphere (considering the effective independence which obtains among the three Powers of the Federation) capable of guaranteeing the nonretroactive interpretation and regulation of the said constitutional article. In this sense, the late decisions of the Supreme Court of Justice of the Nation are significant, granting *amparo* against acts of the President of the Republic and of the Secretary of Industry, Commerce, and Labor—*amparos* pending determination in that high tribunal from the time of the Government of Señor Carranza—to several petroleum companies, in a sufficient number of cases to constitute a juridical precedent as regards the violation of the guarantee of nonretroactivity.

Therefore, in order that a question of such great importance shall be definitely resolved, it is only necessary that the Honorable Congress of the Union shall enact the Organic Law which regulates the application of article 27 of our Constitution, in accordance with the principle established of nonretroactivity. It is to be expected that this will occur during the next period of sessions of the Congress, which will be inaugurated the 1st day of September of this year, and it may be assured that the much desired regulation will come sooner and in a more satisfactory form, the greater the conviction of the members of said Congress is that there is being exerted upon them neither the direct pressure of this Executive nor the indirect pressure of a foreign power.

THE AGRARIAN QUESTION

It is necessary, in order to judge this question without prejudice, to know basically the history of Mexico, since the origin of the question dates back to the conquest of America by Spain: As a result of that event, the lands were possessed by the Spanish *conquistadores* and *encomenderos*, and the Indians were reduced to slavery—not in law, but certainly in fact—and the protective “*Leyes de Indias*”, the good intentions of some rulers, and the apostolic efforts of the missionaries had indeed but little influence in favor of the despoiled. The *cédula* of Phillip V, of October 15, 1718, reading as follows, is a proof of this assertion:

“The King. Whereas, it is ordered by the ordinances and the *Leyes de Indias*, and especially by the Eighth thereof, Book Third,

of the transcript thereof, that the new settlements and pueblos which are formed of Indians be given sites having the necessary streams, woods, lands, entrances, and outlets, for the cultivation thereof, and an *ejido* of one league for the pasturing of stock, which lands shall not overlap those of the Spaniards; and whereas, I have been informed that this law is entirely disregarded in all the Missions of New Spain, since *gobernadores* and *encomenderos* not only do not give lands to the Indians in order that they may form their pueblos, but that, if the Indians have lands, these lands are violently taken from them, their sons are sold as slaves, and their women taken to houses of the *gobernadores* and *encomenderos* to serve them in the work of spinning, weaving, and washing, without being paid for their work, with the result that the pueblos, which have been founded at the cost of the great labors of the missionaries, are destroyed, since the doctrine cannot be taught or administered to them; nor can towns be formed of the many Indians who have been recently converted, unless the *gobernadores* and *encomenderos* look to the enforcement of the law, and not to their own interests; Therefore, I hereby order the Viceroy of New Spain, *audiencias* and *gobernadores* thereof, considering the displeasure which this information has caused me, to look, in the future, to the remedying of this so pernicious abuse and to the punishment of the transgressors of the laws above mentioned, and that, in conformity with and observance of said laws, you devote your greatest vigilance and efficiency to the end that the recently converted Indians referred to be given the lands, *ejidos*, and waters which are granted to them, and that you do not, on any account, make use thereof, nor of their sons or women, for personal service, unless such service be voluntary on their part, and also paying them the current day wage, to the good of God's service and mine; with the understanding that if the contrary take place, I will adopt severe measures. And of the receipt of this despatch, of its due wide dissemination, in order that it may be complied with in the parts deemed best, and of the results of the measures which may be adopted, I shall inform myself on the first occasion which presents itself for such purpose. Dated, at Madrid, October 15, 1713. I the King. By order of the King, our Sovereign—(Signed) D. Diego de Morales Velasco. Stamped with the appropriate seal and bearing three rubrics."

The state of the poor Indians, far from improving with independence, became worse, because this independence—as a distinguished historian says—emancipated Mexico from the Crown of Spain, but not from the Spaniards, who were established firmly on these lands, after having exercised absolute authority over them for three centuries. During the period of independent existence, in fact, all the evils arising from foreign wars and the interminable internecine struggles of classes were added to this sad situation; but, as if this had not been enough, the Federal Constitution of 1857, in prohibiting the acquisition or administration of real property by civil or ecclesiastical corporations, furthered the parceling of the *ejidos* and

communal properties, to the evident prejudice of the settlements of the Indians, and, to worthily crown that age-old mountain of griefs and miseries, the protection afforded by the dictatorship of General Díaz—which systematically favored the interests of the insignificant dominating minority to the detriment of the interests of the great dominated majority—resulted in the total absorption of the small property by the great landed estates.

Consequently, the agrarian question has for four centuries, engendered many animosities and many hatreds, and by reason thereof, has made deeper still the abyss that separates the privileged from the popular classes. It is not to be wondered at, therefore, that, of all the tendencies which manifested themselves on the breaking out of the last revolutionary movement, the recovery of lands—as set out in the decree of January 6, 1915, which provides the necessary measures for the restoration of *ejidos* and communal properties—should have been the most persistent and vigorous, maintaining always alight the torch of the rebellion and carrying its radical and revolutionary impulse beyond the period of armed struggle, to the time that the present Government was enabled to moderate that impulse and, by means of the recent reorganization of the Agrarian Commissions and an adequate regulation, to give it a bent toward legality.

If it is true, then, that the proceedings by which grants and restorations of *ejidos* have been made have partaken, in general, of the asperities inherent in the revolutionary impulse that engendered them, and, on some occasions—it must be confessed—even in form somewhat illegal, making more deplorable the damages suffered by the great properties affected, it also is true that all this, satisfying in an expeditious way a popular craving always denied, contributed to the re-establishment of peace, and that, the complete solution of the agrarian problem, by means of proceedings strictly legal and softened by a broad spirit of conciliation, will play a most important role in the definite consolidation of peace.

This Government purposes, moreover, so soon as its financial condition shall permit it, to redeem the bonds created by the law to indemnify the expropriations of private property which has been transformed into *ejidos*, receiving such bonds in payment of taxes capable of amortizing the agrarian debt in a very short period, or exchanging such bonds for cash.

It is necessary to point out, finally, that the grants and restorations of *ejidos* should be considered the tardy obedience to a just command issued by King Phillip V in the dawn of the eighteenth century, rather than a manifestation of active and advanced Bolshevism.

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RETURN OF PROPERTIES "INCAUTADAS"

An administration preceding the present one and one which was recognized by the Government of the United States, seized (*incautó*) the banks of issue of the Republic, took their cash reserves and expended them on affairs of the Government. One of the first things done by the present administration was to restore the seized banks to their boards of directors, recognizing the respective indebtedness—which amounts to approximately sixty million pesos—and to arrange a form of payment satisfactory to those interested, with which it has complied religiously to date.

The railroads also were seized by the same administration. The Ferrocarril Mexicano has already been returned. It is an English property. The other railroads have not yet been returned because the deterioration of the buildings and of the rolling stock and the lack of discipline of the personnel, occasioned by the revolution, would have made quite difficult the return of those enterprises and their subsequent management by the respective companies. But the present Government has endeavored to improve the condition of said properties and to this end it has expended large sums of money from its own funds. Apart from this, the indebtedness resulting from the seizure of the railroads is awaiting the settlement which is being negotiated for the resumption of service of the public debt.

RESUMPTION OF SERVICE OF THE DEBT

The payment of interest and amortization of the foreign debt, having been suspended since the year 1914, the present Government, almost immediately after its inauguration and through the medium of this Chancellery, invited the house of Speyer of New York, and the International Committee of Bankers, headed by Mr. Lamont, to come to Mexico for the purpose of determining, by mutual agreement, the best method of resuming the service of that debt. As the representatives of the holders of Mexican bonds delayed for more than six months their decision to accept the invitation, these representatives are more to blame than this Government that an agreement has not yet been reached.

MIXED CLAIMS COMMISSIONS

Although according to the principles of international law, governments are not responsible for the damages resulting from civil wars, and notwithstanding that there was then functioning a National Commission on Claims for said damages, on July 21st of last year, an invitation was extended by cable and through the medium of our diplomatic representatives abroad to all governments whose

nationals had suffered damages, in their persons or to their interests, because of the revolution, to the end that, in accord with the Government of Mexico, conventions might be negotiated for the creation of Mixed Commissions, which should be charged with the adjudication of the claims of their nationals. Moreover, as regards the Government of the United States, there was tendered to it, about the end of last year, the drafts of two conventions: one to create the Mixed Commission which should decide the claims for damages originating from the revolution, and the other to create the Commission to decide the other claims pending between the two countries that might be outside of the jurisdiction of the preceding Mixed Commission. Whatever may have been the reasons that moved the Government of the United States to postpone special consideration of said conventions, the Government of Mexico is not responsible for such postponement, nor can it designate the date on which the Mixed Commissions may commence their labors.

I believe that the preceding concrete cases suffice, on the one hand, to illustrate the policy of this Government in respect of present and future investments of foreign capital in Mexico, as that policy was defined at the beginning of this exposition, that is, of absolute respect for rights legitimately acquired; and, on the other hand, to emphasize the constancy and the energy with which the present Chief Magistrate of the Nation is endeavoring to develop that policy, the results whereof, though modest, may, perhaps, attain the limits of what humanly might be required of it, considering the number and the magnitude of the difficulties engendered by a revolution which has continued for more than 10 years and which has shaken the remotest corner of the Republic, and the anomalous international situation which augments and intensifies these difficulties.

With very great pleasure [etc.]

A. J. PANT

812.00/26071

*The Chief of the Division of Mexican Affairs, Department of State
(Hanna) to the Secretary of State*

[Extract]

[WASHINGTON,] July 12, 1922.

DEAR MR. SECRETARY: By your direction, I delivered the following message to Mr. Tellez ²⁶ on June 22:

"It has been intimated to the Department that Mr. de la Huerta ²⁷ is considering coming to Washington to call on the President and the Secretary of State, if his visit would not be unwelcome. You

²⁶ First Secretary of Mexican Embassy.

²⁷ Mexican Secretary of Hacienda.

may assure Mr. de la Huerta that, should he come to Washington, the President and the Secretary of State, naturally in a personal and unofficial capacity, would be pleased to have a talk with him."

M[ATTHEW] E. H[ANNA]

711.12/526

Memorandum by the Chief of the Division of Mexican Affairs, Department of State (Hanna) of a Conference between the Secretary of State and the Mexican Secretary of Hacienda (de la Huerta), July 18, 1922

[WASHINGTON,] July 21, 1922.

There were present at the Conference, besides Mr. de la Huerta and the Secretary, a Mr. Rubio, interpreter for Mr. de la Huerta, General James A. Ryan, U. S. A., Ret., representative of the Texas Oil Company in Mexico, and Mr. Hanna, Chief of the Division of Mexican Affairs.

Mr. de la Huerta opened the conversation by a reference to his conferences with the International Bankers Committee and the Petroleum Committee, and then proceeded to discuss other matters connected with the relations between the United States and Mexico which came up in the course of the conversation. His observations are briefly summarized below, without any attempt to follow the order in which they were made.

He emphasized repeatedly the popularity of General Obregon and his strength with the Mexican people, and in this connection gave a long and detailed statement of the events leading up to the overthrow of President Carranza, including the part played in it by the State of Sonora and by himself as a citizen of that State, the effort of President Carranza to force Mr. Bonillas upon Mexico as President, and the consequent revulsion of popular feelings against Mr. Carranza, and the resultant disaffection in the Army, which finally turned against Mr. Carranza. He also asserted that Mr. Carranza, when he saw that all was lost, killed himself as a brave man might be expected to do, and exhibited a letter to that effect signed by an individual who claimed to have been with Mr. Carranza when he died. The purpose of this lengthy narration appeared to be to show that General Obregon had nothing whatsoever to do with the killing of Carranza and that the present regime in Mexico is constitutional.

He had no comment to make on the delay in the official publication of the four decisions of the Mexican Supreme Court supplementing the decisions in the Texas Oil case. Unsolicited, he asserted that the Mexican Constitution is retroactive, and that it can be construed in no

other way, but added that this is true of all Constitutions resulting from a revolution. He stated, however, that the Supreme Court decisions above mentioned clearly established that the Constitution is not retroactive or confiscatory, although, in his opinion, the decision is a judicial error.

He expressed at length his opinion as to what constitutes confiscation and by way of illustration he stated that numerous properties had been confiscated in Mexico in the course of the revolution headed by Mr. Carranza, as a revolutionary measure, but that those properties had all been returned to their owners. He denied that the taking of properties under the Agrarian Laws by expropriation procedure as provided in the Constitution constitutes confiscation, and made the broad, unqualified statement that the present regime in Mexico had not taken a single foot of land without paying for it. The Secretary commented upon this that he had before him a number of cases where property had been taken from American citizens without indemnity, and Mr. de la Huerta, manifestly confused, replied that there had been cases where the owners of property refused to accept the bonds offered them in payment, but he had nothing to say concerning the presumable worthlessness of these bonds, although he was given an opportunity. With reference to an observation that the expropriated land is undervalued by the method prescribed in the Constitution, he merely cited the recent expropriation of the Terrazas estate in Chihuahua at a considerably higher value than that fixed by the Constitution.

He stated that titles to the surface of lands are not affected by Article 27 which nationalizes only the subsoil, and added that owners of subsoil rights had merely been asked to exchange their old titles to the subsoil for new ones which the Mexican authorities are prepared to extend. He took occasion to repeat this later, apparently with the purpose of making it clear that any controversy on this point was chargeable to the obstinacy of the owners of subsoil rights in refusing thus to acquire new titles. He added that he had a plan, however, for disposing of this point, which is for the Mexican authorities to extend new titles for such rights, the idea apparently being that this would obviate the necessity for the owners of such rights to admit that they had lost their original titles.

He was emphatic in his assurance that the Bankers Agreement would be approved and added literally that "as sure as my name is de la Huerta this will be done." He had little or nothing to say regarding his conference with the Petroleum Committee and its outcome.

When discussing the Agrarian question he pointed out how various problems confronting Mexican authorities are interlocked, by way of strengthening his statement that Mexico is vitally in need

of a loan to pay for the expropriated lands, and pledged his word that every penny of such a loan would be devoted to such a purpose. He touched upon this matter of a loan at other times in the course of his conversation and made it quite apparent that he looked upon it as most vital.

Finally, with reference to the apparent *impasse* in the negotiations for recognition, he said that he had a plan to settle the questions at issue and then gave the Secretary drafts of two letters which he proposed should be exchanged between the Secretary and General Obregon. The letter which he proposed the Secretary should send General Obregon to initiate this correspondence constituted a direct and immediate recognition. General Obregon's reply, signed as President of Mexico, purported to be his promise to do the things which this Government has been asking of Mexico. After the Secretary's comment upon this proposal there was no further discussion of the subject.

The Secretary replied to Mr. de la Huerta's observations from time to time. The following is a summary of his more important replies and remarks.

He made no comment on Mr. de la Huerta's lengthy narration of events which led up to the overthrow of President Carranza except to say that he was interested in hearing it.

He made it clear that it has always been his desire to assist Mexico in every proper way and that he has only the highest regard for General Obregon. He pointed out that there is no objection on the part of this Government to Mexico enacting whatever laws she may desire provided legally vested American rights are always protected.

He was very frank and clear in stating his objections to the Agrarian Laws, pointing out the arbitrary procedure thereunder, the insufficiency of the indemnity as established in the constitution, the frequent failure to pay for expropriated property, and the worthlessness of federal and state bonds in which the indemnity is to be paid. As already stated, he added that he has before him a number of cases in which American properties have been expropriated and taken from their owners without any indemnity being paid.

He also pointed out the insufficiency of the promises of General Obregon made from time to time in the public press and in his public utterances as adequate and acceptable guarantees for legally vested American interests in Mexico.

He outlined fully and frankly the existing situation by stating the more important things which General Obregon has promised would be done but which have not been accomplished, and by inviting attention to the failure to carry through to completion any

single important measure in this connection which the Mexican authorities have initiated. Specifically, he pointed out that Mr. de la Huerta's agreement with the bankers is yet to be approved, that nothing definite resulted from his conference with the Petroleum Committee, so far as the Department is informed, that the decision of the Mexican Supreme Court in the Texas Company case apparently does not solve the question of the confiscatory and retroactive character of the constitution, that the four supplementary decisions of that court have not yet been officially published, that American properties are being confiscated without indemnifying their owners despite statements to the contrary, and that the Mexican Congress has failed to enact the regulations for Article 27 of the Mexican Constitution.

He pointed out that General Obregon had asserted that he cannot accept the Treaty of Amity and Commerce which has been proposed by this Government, but that the Department has not been able to procure from him any proposal or suggestion which would assist in the negotiation of some agreement which would be acceptable to him and to this Government.

With reference to the two drafts of letters to be exchanged between himself and General Obregon, the Secretary observed very briefly but very positively that, if he should address such a letter to General Obregon, he would recognize the Government of Mexico, whereas General Obregon in his reply merely promises to do certain things which he has assured the Department he has not the power to do. The Secretary added that he would subject himself to serious and just criticism by so doing, and that he could not even consider the matter. Mr. de la Huerta did not press the proposal.

The Secretary took exception to Mr. de la Huerta's assertion that American properties are not being confiscated in Mexico at the present time, and pointed out that the expropriation of such properties by the procedure which is being followed and without indemnifying the owners with a valuable indemnity is confiscation.

At the end of the conference the Secretary again touched upon the failure of the Mexican authorities to do the many positive acts which are necessary to the realization of the numerous promises which General Obregon has made. In conclusion he advised Mr. de la Huerta to the effect that he would await with interest the official reports of the decisions of the Supreme Court in the petroleum cases, the development of the Agrarian question, and the action of the Mexican Congress on the legislation pending before it in this connection, and he added: "Come back when all those matters are settled and we will talk things over again."

M[ATTHEW] E. H[ANNA]

711.1211/89

The Secretary of State to the Chargé in Mexico (Summerlin)

WASHINGTON, July 28, 1922.

MY DEAR MR. SUMMERLIN: I have delayed a reply to Mr. Pani's informal notes dated May 4 and May 24, 1922, enclosed with your despatches Nos. 5487 of May 5 and 5560 of May 25, 1922, awaiting appropriate action on the part of the Mexican authorities in carrying out the political and administrative program which Mr. Pani has described in general terms. As the regulation of the application of Article 27 of the Constitution of 1917, which Mr. Pani insists is within the exclusive competency of the Mexican Congress, has not yet been established, you may, without waiting longer, reply to Mr. Pani informally in the sense of this instruction.

I shall not undertake to review what Mr. Pani has said with respect to my observations on the propriety of receiving recognition through the signing of a treaty. The point I sought to emphasize is made perfectly clear by Mr. Pani's own statement that "the signing of Convention number one," that is, the convention relating to claims as proposed by Mr. Pani, "will signify implicit recognition of the Government of Mexico" and diplomatic relations between the two countries would thus be resumed. I repeat that the question would thus seem to be not as to the practicability of proceeding to effect recognition through the signing of a treaty or convention, but, as I have heretofore said, simply what the treaty or convention should be.

With regard to the proposed Treaty of Amity and Commerce, I note that Mr. Pani still insists that it would be in violation of the Constitution of Mexico, but I am unable to ascertain to what provisions of the treaty Mr. Pani refers in urging this objection. The treaty was intended to do no more than to give in a binding and suitable manner the assurances which General Obregon has been willing, as Mr. Pani's quotations make evident, to give in personal interviews and letters. In my last communication, I specifically dealt with all the provisions of the proposed treaty to which Mr. Pani has called attention as involving constitutional infringement and I regret that Mr. Pani has seen fit neither to reply to these comments nor to point out any other provisions of the treaty which could be regarded as open to any such objection.

I am therefore compelled to reach the conclusion that the objection to the proposed treaty is not to be found in its terms, which could readily be made to meet any objection of the sort above advanced, provided only it embodied proper assurances against confiscation in harmony with General Obregon's repeated statements.

Rather, as I understand the matter, it is insisted that the signing of such a treaty would not be in harmony with the public sentiment of Mexico and that it would not be ratified by the Mexican Senate.

But if the Mexican authorities will not enter into an appropriate treaty binding Mexico to respect the valid titles which had been acquired under Mexican laws prior to the Constitution of 1917, the question remains in what manner shall such assurances be given. It can hardly be open to question that adequate assurances in some appropriate form should be given, in view of the confiscatory procedure actually adopted despite the explicit promises of Mr. Carranza at the time of his recognition. Indeed, this seems to be conceded in the repeated efforts of General Obregon to supply the needed guarantees by his personal communications. I shall not attempt to analyze these, as cited by Mr. Pani, for the sufficient reason that Mr. Pani himself has clearly pointed out that General Obregon, despite his intentions, has not been vested with authority to make his assurances effective. Thus Mr. Pani, in his note of May 4, opposes the proposed Treaty of Amity and Commerce upon the ground, among others, that it contains "interpretations of some of the precepts" of the Constitution of 1917, "not regulated yet by the Honorable Congress of the Union which is the sole authority to which the Mexican people has delegated power so to do." And this was but a repetition of what had been said by Mr. Pani in his note of February 9, 1922, which most clearly demonstrated the inefficacy of General Obregon's personal statements that rights acquired legitimately prior to the Constitution of 1917 should be respected. Thus Mr. Pani said, after referring to General Obregon's opinion: "But even though the Legislative Power has already eloquently manifested the same opinion, until the Organic Law of Constitutional Article 27 shall be promulgated, the signature of the President of the Republic placed on an international treaty which should fix interpretations of said Article would be equivalent to an undue invasion of the exclusive sphere of the Legislative Power, since provided that a constitutional text establishes a principle its particular effects may only be determined by the Organic Law which regulates it, and this is still to be enacted by the Congress of the Union." If this limitation can be asserted of the treaty-making power, it is hardly necessary to discuss the inconclusive effect of General Obregon's interviews and letters.

I note with gratification Mr. Pani's statement that it is evident that "substantial agreement exists between the American demands and the topics of the political and administrative program" which the Mexican authorities have "adopted in respect of interests of foreigners." In examining, however, Mr. Pani's reply to my re-

quest for the details of this program, I regret to say that I fail to find that any adequate action has yet been taken.

Without the slightest disposition to question the sincerity of General Obregon's purpose in making the statements to which Mr. Pani directs repeated attention, it cannot be overlooked that no adequate governmental action has yet been taken to secure the valid titles acquired prior to May 1, 1917; that American citizens have complained, and continue to complain, that their sub-soil rights acquired prior to that date are not being respected; and that Article 27 of the Mexican Constitution is being applied retroactively, even recently, to the injury of American citizens who have been deprived of their property without just compensation. Although General Obregon's personal promises are declared by Mr. Pani to be a "voluntary and solemn obligation" undertaken "before the entire world," still it is a notorious fact which can be substantiated by numerous cases, if necessary, that American interests in Mexico have been subjected to arbitrary governmental acts throughout the year and a half of General Obregon's regime in flagrant disregard of this solemn promise.

It seems to me hardly necessary to review the details of such cases in view of what has already been brought to the attention of the Foreign Office in Mexico from time to time by the Embassy in an effort to procure adequate relief. I am compelled to add that except possibly in rare instances no relief has been extended up to the present time to the American interests concerned.

Mr. Pani's detailed discussion of recent Mexican legislation with respect to property has received my careful consideration in the effort to find assurance of proper protection for valid rights. This effort has been unsuccessful inasmuch as Mr. Pani recurs to what he asserts to be the indispensable but still unfulfilled condition of congressional action, saying that "in order that a question of such great importance shall be definitely resolved, it is only necessary that the Honorable Congress of the Union shall enact the Organic Law which regulates the application of Article 27 of our Constitution, in accordance with the principle established of non-retroactivity. It is to be expected that this will occur during the next period of sessions of the Congress which will be inaugurated the first day of September of this year." It thus appears that the Mexican Congress has not yet taken the requisite action and we are still left, as we have been during the last year and a half, with the expression of an expectation that such action will be taken in the future.

I have noted Mr. Pani's discussion of the Mexican agrarian problem and I fully appreciate the difficulties which that problem involves. I am also deeply sensible of the important public policy that

is sought to be prosecuted in securing equitable distribution of lands and adequate opportunities for those who have been impoverished. But I know of no reason, or right, for the prosecution of this policy in a manner which deprives American citizens of valid titles without the payment of just compensation. In other words, when American citizens have made their investments in ranches, grazing lands and other real property under the laws of Mexico, with assurances of adequate protection, they are entitled to that protection and no general considerations of policy can be invoked to justify despoiling them of what is rightfully theirs. The public policy to which Mr. Pani refers should be carried out only in accordance with the fundamental conceptions of justice.

It would seem to be clear that it is not within the province of lawful expropriation either to value properties upon an inadequate basis or to tender compensation in state or federal bonds without assured market value. Compensation cannot be anything short of actual, fair and full compensation.

The Department did not fail to protest against the character of Mexican agrarian legislation when it was in the process of enactment in the Federal Congress, and in various state legislatures, and gave warning that in the event that justice were denied American citizens, this Government would be forced to take the matter up for international adjustment and reparation. In these representations it was pointed out that the provisions of the proposed agrarian laws were confiscatory in character, but nevertheless laws of this sort have been enacted without eliminating their objectionable features. It should be pointed out with respect to the transactions under the agrarian legislation, that these "expropriations" have been made by agrarian commissions whose decisions I understand are subject to the revision of the National Agrarian Commission of which the President *ex officio* is a member of General Obregon's cabinet.

I have noted with special interest Mr. Pani's expectation that "the recent reorganization of the Agrarian Commissions and an adequate regulation" will give the revolutionary impulse "a bent toward legality." I am also interested in the statement that the Mexican authorities propose, so soon as financial exigencies will permit, to redeem the bonds created by the law to indemnify the expropriation of private property. It must again be noted, however, that, so far as I am advised, properties of American citizens are still being seized or threatened with seizure without any adequate provision for compensation and that the proposed regulation of the expropriation so as to provide just compensation is still an

expectation to be realized only through future action not yet even explicitly defined.

I have observed Mr. Pani's statement that certain banking institutions and the British-owned Mexican Railway have been returned to their owners as well as his statement of the reason for not having returned other railways in part American-owned, which constitute the bulk of the railway properties of Mexico, but I have also noted that he offers no explanation for the failure to return other valuable American-owned properties which are being held by Mexican authorities.

Mr. Pani also refers to the reported negotiations for the resumption of payments on the Mexican national debt. I believe that, since Mr. Pani's last communication, an agreement has been formulated for this purpose but that it still awaits the approval of the Mexican authorities.

So far as the proposed Claims Conventions are concerned, to which Mr. Pani alludes, as I have already said, we should have certain suggestions to make in respect to their tenor and scope as soon as the fundamental questions to which I have referred are suitably adjusted, and I apprehend that there will be no great difficulty in reaching mutually satisfactory conclusions with respect to these conventions.

If I may be permitted to sum up the situation as to property rights I may say:

(1) It appears that negotiations have been had looking to an adjustment of the claims of the holders of bonds representing the external debt of Mexico. While this Government has not been a party to these negotiations I have learned with satisfaction of a tentative agreement between the creditors of Mexico and the representative of the Mexican authorities who took part in these negotiations.

It is understood, however, that no final agreement has yet been made and that the tentative agreement awaits the approval of General Obregon, who it has been publicly stated has said that it must also be ratified by the Mexican Congress.

(2) It is also understood that American citizens interested in oil properties in Mexico have been in negotiation with representatives of the Mexican authorities for the purpose of finding an agreed basis upon which they will be protected in their holdings and may be able to proceed to new developments of the properties, mutually satisfactory.

This Government has not been a party to these negotiations and is not prepared to discuss the merits of particular proposals, but it has been gratified at the prospect of such an agreement. Again,

however, it is understood that no agreement has yet been concluded and whatever has been done is subject to the approval of the Mexican authorities.

(3) No adequate action has yet been taken for the purpose of confirming, and assuring the protection of, valid titles acquired by American citizens prior to the adoption of the Constitution of 1917.

Although it has been repeatedly said by Mr. Pani that the Mexican Congress is at liberty to regulate the interpretation of that constitution, and that it has exclusive authority for this purpose, no such action has yet been taken.

(4) I have not had opportunity as yet to examine the texts of the four decisions of the Supreme Court, but if, as seems to be implied, they follow the decision in the Texas case already announced, in order to form a precedent composed of five decisions upon the same point, they are inadequate to protect American rights against a retroactive and confiscatory application of the Mexican Constitution.

(5) Properties of American citizens have been seized and are threatened with seizure, under the guise of "expropriation" without provision for just compensation.

It would thus appear that General Obregon's administrative and political program, which Mr. Pani invokes, has not yet progressed to such effective action as could be regarded as a satisfactory substitute for the binding engagements which I have desired in order to assure proper protection to the rights of American citizens in Mexico. If General Obregon thinks it derogatory to the dignity of Mexico to enter into a treaty confirming and establishing in an appropriate way his personal assurances, still, if the purpose is firmly held to respect international obligations and to lay a sound basis for friendly intercourse, I am at a loss to understand why that effective action has not been taken by the Mexican authorities. They have had, and still have, full freedom to accomplish the desired results.

Again I must emphasize the point, which I long ago publicly stated, that this Government has no desire to stand in the way of any non-confiscatory legislation that Mexico may see fit to enact within the province of her domestic authority. If this legislation is of a character which is inhospitable to *bona fide* investments by citizens of countries other than Mexico, that will be a consequence which may be regretted, but would furnish no ground for objection on the basis of a breach of international obligation. The question relates to valid rights which have already attached. This Government cherishes the most friendly sentiments toward the people of Mexico and the most earnest desire through appropriate cooperation to promote their prosperity. In order, however, that this friendly

intercourse may be maintained, it is manifestly important that there should be no question as to the security of valid titles which have been acquired by American citizens in accordance with Mexican laws as they existed at the time of the acquisition, and that, if Mexico desires to expropriate any such property validly held, fair and reasonable compensation should be made. These are regarded as the foundations of helpful and friendly relations and it is hoped that the Mexican authorities will see their way clear to give, in an appropriate manner, the reasonable assurances which this Government has asked.

I am [etc.]

CHARLES E. HUGHES

812.6363/1160

The Secretary of State to the Chargé in Mexico (Summerlin)

No. 2185

WASHINGTON, August 15, 1922.

SIR: I am in receipt of your despatch No. 5915 of July 27, 1922, enclosing copies and translations of the four decisions of the Supreme Court of Mexico in the *amparo* cases which were instituted before that Tribunal by the International Petroleum Company and the Tamiahua Petroleum Company,³⁸ all of which decisions have reference to the application of Article 27 of the Mexican Constitution. You say that copies of these decisions were received by you on the twenty-fifth ultimo.

Your promptness in forwarding these documents is appreciated by the Department.

There is enclosed, for your information, a copy of a statement which the Department gave to the press on August 10, 1922, in relation to these decisions.

I am [etc.]

For the Secretary of State:

WILLIAM PHILLIPS

[Enclosure]

Press Release Issued by the Department of State, August 10, 1922

In reply to inquiries at the Department of State with respect to the effect of recent decisions of the Mexican Supreme Court, the Department made today the following statement:

"The Department has received the text of four decisions of the Mexican Supreme Court rendered in May last in *amparo* proceedings instituted by petroleum companies. These four decisions seem to be identical in all essential particulars, and together with

³⁸ Despatch and its enclosures not printed; see Estados Unidos Mexicanos, *Semanario Judicial de la Federación*, ser. 5, vol. x (1922), p. 1308.

the similar decision of that court rendered August 30, 1921,²² in the *amparo* case brought by the Texas Company, appear to constitute what is called a precedent in Mexican jurisprudence.

"These opinions set forth that Article 14 of the Mexican Constitution, providing that 'No law shall be given retroactive effect to the prejudice of any person whatsoever', does not relate to the provisions of the Constitution itself, and that when the Constitution embodies retroactive provisions these must be applied retroactively.

"It is further set forth that the fourth paragraph of Article 27 of the Mexican Constitution of 1917, referring to petroleum and other sub-soil substances, cannot be considered to be retroactive, 'as it does not injure previous and legitimately acquired rights', but it is apparent that the application of the principle thus declared must depend upon what is considered to be an 'acquired right'.

"The five decisions creating the precedent in question relate exclusively to cases of leases or contracts which were made by owners of land for prospecting for and working petroleum, and it said that thereby the privileges of the owners of the lands 'were translated into positive acts', and accordingly the claimants, as the lessees or holders of these contracts had acquired rights to the injury of which the provision of the Constitution of 1917 for the nationalization of petroleum could not be applied. The inference from these decisions is that petroleum properties in process of development before May 1, 1917, when the present Constitution took effect, are protected from a retroactive application of the fourth paragraph of Article 27.

"These decisions do not, however, effectively deal with the rights of American citizens in lands containing petroleum or other sub-soil substances where the lands were owned prior to May 1, 1917, but had not been developed or as to which leases or contract rights to prospect for and work petroleum had not been granted before that date.

"The question whether the owners of the land in such a case have appropriate protection is yet to be determined by the Mexican Supreme Court. It is understood that there are a large number of *amparo* proceedings before that Court which involve that question and are still undecided.

"The Department has also been advised by the Mexican authorities that the Mexican Congress has sole authority to regulate by an appropriate Organic Law the interpretation of the precepts of the Constitution and that no Organic Law for this purpose has yet been enacted."

²² *Foreign Relations*, 1921, vol. II, p 484.

ATTITUDE OF OTHER GOVERNMENTS TOWARD RECOGNITION OF
THE OBREGON GOVERNMENT*

812.00/25868

The Minister in Norway (Swenson) to the Secretary of State

No. 27

CHRISTIANIA, February 2, 1922.

[Received February 15.]

SIR: I have the honor to report that the Norwegian Government has formally recognized Obregon as President of the United States of Mexico, under date of January 14, 1922.

The Minister for Foreign Affairs, with whom I have discussed the matter of recognition a number of times, has informed me that action has been postponed from time to time out of deference to the United States. The Mexican Chargé d'Affaires at Christiania has, since March 1921, made repeated verbal appeals to the foreign office for recognition of President Obregon. He did not, however, until recently, present the letter of notification, having been advised that no reply would be made thereto. In the meantime Norwegian business interests strongly urged recognition, and the Norwegian Chargé d'Affaires in Mexico as well as Mr. Lie, the former Norwegian Minister in Mexico City recommended it. On July 16, 1921 the Norwegian Legation at Stockholm reported that the Swedish foreign office had decided to recognize President Obregon, and on October 17th last, the Danish Minister at Christiania notified the Norwegian foreign office that his government had resumed regular relations with Mexico. Holland had taken similar action. In view of all these circumstances the Norwegian Government felt that it would not be justified in continuing its refusal to deal with Obregon, notwithstanding the attitude of the United States and the fact that certain Spanish subjects had experienced difficulties under the new regime. It was felt that the interests of Norwegian subjects were of a somewhat different nature from those of Americans and Spaniards.

On November 8th last the Mexican Chargé d'Affaires presented to the Norwegian Minister for Foreign Affairs President Obregon's letter of notification, dated December 1, 1920, together with a note, dated December 21 [22], 1921, translation of which you will find herewith enclosed.¹ The Norwegian Minister for Foreign Affairs thereupon wrote the Mexican Chargé d'Affaires, under date of January 14, 1922, transmitting His Majesty the King's reply to President Obregon's letter of notification, thus recognizing him as President of the United States of Mexico.

I have [etc.]

LAURITS S. SWENSON

* Continued from *Foreign Relations*, 1921, vol. II, pp. 427-439.

¹ Not printed.

812.512/2956

*The Chief of the Division of Mexican Affairs, Department of State
(Hanna) to the Secretary of State*

[WASHINGTON,] April 3, 1922.

DEAR MR. SECRETARY: The Counselor of the Japanese Embassy called this morning and inquired as to the correctness of recent newspaper statements to the effect that early recognition of the Mexican Government by this Government is indicated by the recently published Mexican Executive Decree extending the time within which to make payment of overdue taxes on mining property. I explained to him that this Decree is one that the Mexican authorities have had under consideration for the past year and a half and that I did not understand that any special significance was to be attached to its publication at this time. To his categorical inquiry as to whether the situation had changed, I gave him a copy of your statement of last June^{81a} with the advice that I understood it to be the last public statement of the Department in the matter.

M[ATTHEW] E. H[ANNA]

812.00/25662: Telegram

The Minister in Poland (Gibson) to the Secretary of State

WARSAW, June 7, 1922—5 p.m.

[Received June 8—10:44 p.m.]

58. Mexican Chargé d'Affaires at Paris arrived today on ceremonial visit to thank Polish Government for participation in recent ceremonies at Mexico City. Foreign Office confident that it is expected he will make strong appeal for recognition present Government of Mexico. I indicated desirability that Government maintain position outlined in my 146, May 25 [June 23?], 1921.^{81b} Request any additional instructions Department may desire to give me.

GIBSON

812.00/25662: Telegram

The Secretary of State to the Minister in Poland (Gibson)

[Paraphrase]

WASHINGTON, June 9, 1922—6 p.m.

57. Legation's number 58, June 7. Inform Minister of Foreign Affairs that the position of the United States in regard to Mexico

^{81a} See telegram no. 85, June 8, 1921, to the Chargé in Mexico, *Foreign Relations*, 1921, vol. II, p. 406.

^{81b} *Ibid.*, p. 434.

is substantially the same as set forth in Department's telegram No. 150, June 27, 1921.²² Express to him our appreciation of his Government's policy heretofore, and informally say that if Poland should abandon the position which was reported by you in telegram 146, June 23, 1921,²³ it would be a matter of regret. Add that this Government will promptly inform him in regard to any change in our policy regarding Mexico.

HUGHES

711.12/455

The Chief of the Division of Mexican Affairs, Department of State (Hanna) to the Acting Chief of the Division of Latin American Affairs (White)

[WASHINGTON,] August 7, 1922.

DEAR MR. WHITE: Mr. Padro, Cuban Chargé d'Affaires, called this afternoon and inquired concerning the article regarding American-Mexican relations which appeared in the *Washington Post* yesterday. He stated that he made his inquiry in response to instructions from his Government and added that the policy of his Government with respect to the recognition of Mexico is the same as that of the United States.

I told him I presumed that he is familiar with the policy of the United States with respect to the recognition of Mexico and that there has been no material change therein. He then inquired if we would inform him or his Government in the event that there should be any change in our policy, and I assured him that he or his Government would be so informed.

I told him that it is reported in Mexico that Cuba has selected a Minister for that country and will recognize Mexico in the very near future. He said that so far as he knows the report is not correct.

M[ATTHEW] E. H[ANNA]

812.00/25881 : Telegram

The Ambassador in Belgium (Fletcher) to the Acting Secretary of State

BRUSSELS, August 29, 1922—noon.

[Received 2:17 p.m.]

63. Minister of Foreign Affairs, noting press reports of the recent negotiations with De la Huerta, reminds me of Department's

²² *Foreign Relations*, 1921, vol. II, p. 435.

²³ *Ibid.*, p. 434.

promise not to recognize Mexico without informing Belgian Government beforehand. Please cable me a line to reassure him, first, that recognition by us is not imminent, and, second, that his Government will be advised beforehand, if, and when, recognition contemplated.

FLETCHER

812.00/25881 : Telegram

The Acting Secretary of State (Phillips) to the Ambassador in Belgium (Fletcher)

[Paraphrase]

WASHINGTON, August 31, 1922—5 p.m.

48. Embassy's number 63, August 29. Reassure Minister of Foreign Relations that there is no immediate prospect of recognition of Mexican Government and that when recognition is contemplated Belgian Government will be notified.

PHILLIPS

**AGREEMENT BETWEEN THE MEXICAN SECRETARY OF HACIENDA
AND THE INTERNATIONAL COMMITTEE OF BANKERS ON MEXICO,
RESPECTING MEXICAN FOREIGN OBLIGATIONS***

812.51/741

The Alternate Chairman of the International Committee of Bankers on Mexico (T. Cochran) to the Secretary of State

NEW YORK, May 16, 1922.

[Received May 17.]

DEAR SIR: In Mr. Lamont's absence I beg to advise you that Mr. de la Huerta, the Mexican Minister of Finance, has notified us that he, together with his associates, will come to New York for conferences with this Committee, beginning June 2nd. We have further been advised that Mr. de la Huerta will leave Mexico for the United States on May 21st.

Mr. Lamont expects to sail from England on May 24th. He will be accompanied by representatives of the British and French Sections of the International Committee, who are coming for the purpose of attending the conferences with Mr. de la Huerta.

With great respect [etc.]

THOMAS COCHRAN

* For previous correspondence relating to the activities of the committee of bankers, see *ibid.*, pp. 498 ff.

812.51/775

The Alternate Chairman of the International Committee of Bankers on Mexico (T. Cochran) to the Secretary of State

NEW YORK, July 7, 1922.

[Received July 8.]

DEAR MR. SECRETARY: Referring to Mr. Lamont's letter to you of June 19th,²⁵ I am enclosing herewith, for the Department's confidential files, a final draft of the Agreement between the Mexican Minister of Finance and the International Committee. Attached to the Agreement are several letters,²⁶ which are all a part of the Agreement.

The Agreement has not yet been ratified by President Obregon and our information is to the effect that the President will take no further steps in this direction until the Minister has returned to Mexico City. We have today been advised that he will probably not leave New York before next Thursday.

With great respect [etc.]

THOMAS COCHRAN

[Enclosure 1]

Agreement between the Mexican Secretary of Hacienda (De la Huerta) and the International Committee of Bankers on Mexico, Signed at New York, June 16, 1922

It having been made clear in the discussions between the Finance Minister and the International Committee of Bankers on Mexico—

(a) That the external obligations of the Mexican Government held by foreign investors, approximate, together with the National Railways debt, and certain internal loans shown on the list attached, the sum of 1,000,000,000 pesos;

(b) That upon such sum, interest accumulated and unpaid since 1913 approximate[s] the sum of 400,000,000 pesos;

(c) That although, owing to successive revolutions since 1913, Mexico has as yet not regained her full economic stability, yet the present Government of Mexico declares its determination to meet faithfully and promptly its financial obligations to the utmost extent of its capacity;

(d) That the International Committee, recognizing the difficulties with which Mexico has had to contend and the limitations upon her capacity for the immediate payment of all her obligations, due or overdue, and earnestly desiring to find means of safeguarding the interests of the bondholders, and at the same time of co-operating with the Mexican Government in the solution of its problems and in the upbuilding of its credit, is prepared to this end to rec-

²⁵ Not printed.

commend to the holders of Mexican Government obligations certain substantial diminutions and adjustments of their rights;

(e) That they also recognize that the Mexican Government has other obligations which it is important for it to meet, such as the restitution to the banks of the specie fund, the agrarian debt and arrears of pay which may have to be cared for by the issue of internal bonds or in some other manner later to be considered;

(f) That, as to the minimum sums to be set aside by the Mexican Government for the service of its debt for the year 1923, and for the succeeding four years the International Committee, after examination of the situation, believes that, under prudent and economical management of its affairs by the Mexican Government, the providing of such sums and the carrying out of this plan is within the capacity of Mexico, taking into account the improvement which should result from the settlement of the debt question and the declared intention of the Government to maintain a sound administration; and the fact that the plan itself, if adopted, may readily result in greatly improving the economic situation of Mexico;

(g) That the interests of the people and Government of Mexico, on the one hand, and of their external creditors, upon the other, being identical in that, for the benefit of both, the increasing prosperity of Mexico must be assured, therefore, the individuals now composing the International Committee give assurance of their continued interest and desire for helpful cooperation.

Therefore in accordance with the foregoing, the following plan for the adjustment of the external obligations of the Mexican Government and of the National Railway System and of certain internal obligations appearing on the schedule annexed has been agreed to by the Mexican Minister of Finance and by the International Committee, which will do its utmost to arrange for its acceptance by the holders of the obligations listed in the schedule annexed.

1. ARREARS OF INTEREST

The payment in cash of all interest due and payable on or before January 2, 1923 on both the government and the railway obligations, is to be waived by the bondholders.

The payment of interest upon all arrears of interest due and payable on or before January 2, 1923 on both the Government and railway obligations is to be waived by the bondholders.

The coupons for interest attached to the bonds are to be detached (if permitted by the various mortgages and indentures) and deposited with some trustee satisfactory to the International Committee who will issue receipts or certificates to the bondholders for the face amount of coupons so detached. The government will set aside annually, beginning on January 1, 1928, substantially equal annual sums sufficient to retire at par in proportionate annuities all said receipts or certificates within a period of forty years ending

January 1, 1968. The annual amounts to be paid by the Mexican Government shall be paid by it through the financial agency of the Mexican Government in New York to the agencies that the Committee may designate and the Committee will determine the method of retirement. If for any reason the coupons cannot be detached from the bonds, some other plan for effecting the above arrangement satisfactory to the Committee shall be adopted. If there are any bonds to which coupons representing any back interest have never been attached the Mexican Government will supply such coupons for the purposes of these bonds so that the bondholders may be able to deposit them.

2. SINKING FUNDS

All sinking funds to be postponed for a period not to exceed five years, from January 1, 1923.

3. MATURED GOVERNMENT OBLIGATIONS

All Government notes which have matured or are about to mature will be extended for a reasonable length of time.

4. CURRENT INTEREST

Payment of current interest to be resumed as follows:

(a) The Government will provide and set aside a fund which, for the first year, shall amount to 30,000,000 gold pesos present standard and shall be increased each year for a period of four years by not less than 5,000,000 pesos, so that the payment for the fifth year shall be at least 50,000,000 pesos.

(b) If, during the five year period, the funds provided for do not in any one year reach the guaranteed minimum amount, the Mexican Government will provide out of its other sources of revenue a sum sufficient to bring the amounts up to the guaranteed minimum and at such time and in such amounts as are required to meet current interest payments according to the schedule to be submitted to the Minister by the Committee.

(c) The entire oil export taxes (which the decree of June 7, 1921 provides for) and any increases thereof and the tax of 10% on the gross railway revenues hereafter provided for and the net operating railway revenues if any shall be paid as collected, in a manner to be agreed on with the International Committee, which will make arrangements for distribution of the sums so received among the holders of the obligations listed in the schedule attached, to which may be added such other issues as the Minister and the Committee may jointly agree should be included in the Government's external debt and railway debt. Part of such fund may be used in the discretion of the Committee in buying or retiring scrip for current interest.

The Committee may retain and distribute the entire amounts received on account of the taxes specified in this section (c) although they may be in excess of the guaranteed minimum annual payments.

(d) Any difference between the amounts of cash paid on account of current interest (in accordance with the arrangements for distribution of current interest according to the schedule to be submitted by the Committee) and the full amount due therefor during a period of five years, beginning January 2, 1923, is to be dealt with in scrip. Such scrip shall be issued by the Mexican Government for the full amount of such difference and delivered through the Committee for distribution to the holders of obligations in such form as the Committee may determine. This scrip will become due and payable in 20 years. It will not bear any interest during the first 5 years but, for the balance of 15 years, it will bear interest at the rate of 3%, payable half-yearly. The Government will have the option to buy this scrip in the market for cancellation, in a manner to be arranged with the Committee, or to call all or any part thereof at 105 and interest, accrued and unpaid to date of call, at any time before maturity thereof. During the first 5 years any surplus of the current interest fund, after paying current interest, shall be applied towards the purchase and cancellation of this scrip as provided above.

(e) The payment of current interest in cash on the scale to be submitted to the Minister by the Committee will begin for interest becoming due and payable after January 2, 1923. Full resumption in cash of the service on the debt including full sinking fund payments will be resumed for payments becoming due and on and after January 1, 1928.

(f) The proceeds of the oil export taxes, which, since January 31st, 1922, have been paid or accumulated under the agreement of September 3, 1921, shall be paid over to the fund forthwith and all future proceeds of such tax shall be paid over from the date hereof; and the proceeds of the tax of 10% on the gross railway revenues shall be currently paid over as soon as the tax is created. Payments will be made in a manner to be agreed on with the International Committee.

(g) During the period prior to the full resumption of the service on the debt the Government will continue the export taxes on oil and will not diminish the rate of such taxes payable in cash as the same has been applied since September 3, 1921.

(h) After the expiration of the period of five years at the end of which the Mexican Government will resume the full service of the debt the special provisions made for this period in this paragraph 4 will be at an end except for the obligation of the Mexican Government contained in the current interest scrip and except that if there

is then still outstanding any current interest scrip the tax of ten per cent (10%) on the gross railway revenues will be continued and applied through the Committee, for redemption of the current interest scrip in a manner to be arranged with the Committee.

5. NATIONAL RAILWAY SYSTEM

The holders of outstanding railway bonds and notes shall present their existing securities to be stamped with the agreement of the Mexican Government assuming the payment of principal, interest and sinking fund of the securities. For all amounts paid by the Mexican Government on account of the railroads for such interest, principal and sinking fund the Government will be a creditor of the Railways in the same manner as is provided in the Executive Decree and Plan of Readjustment and Union of the Mexican Central Railway Co., Ltd., and National Railroad Company of Mexico with respect to payments made on account of its guarantee of the General Mortgage 4% bonds of the National Railways of Mexico.

The liens created on the railway properties by the present mortgages and indentures in favor of the railway securities now outstanding are to be held by a trustee or trustees satisfactory to the International Committee and are not to be enforced unless the government is in default in its obligations under this plan when they may be enforced in favor of the holders of railway securities.

The government will make prompt return of the railways to private management, details of which are to be arranged.

Ten per cent (10%) annually of the gross receipts of the railways is to be set aside and paid over currently as herein provided towards the government debt service including the railway debt, and proper provision is to be made therefor in the rates by surcharge or otherwise.

Until the full cash payment of current interest on the bonds is resumed the net operating revenues of the railways are to be added to the fund provided for the government debt service and thereafter are to be applied to the service of the railway securities.

The Mexican Government recognizes the obligation to restore the railroads, including rolling stock, to the same condition that they were in when the Government took them over and will make every effort to do it (viz., such restoration) as soon as possible.

Railway notes that have matured or are about to mature will be extended for a reasonable length of time.

6. RECOGNITION OF OBLIGATIONS

The Mexican Government recognizes all obligations assumed by it, either direct or by way of guarantee and all provisions of the con-

tracts and pledges under which the several bonds were issued, these provisions to be in full operation at the end of five years and prior thereto will be subject to the modifications herein provided for.

7. RESUMPTION OF RIGHTS

The bondholders will resume all their contractual rights if for any reason this plan is not fully carried out during the period of five years.

8. COMMISSION

Any difficulties that may arise in connection with the execution of this agreement will be settled by a special commission nominated by both parties.

9. RATIFICATION

This agreement is subject to the ratification of the President of Mexico.²⁶

ADOLFO DE LA HUERTA

INTERNATIONAL COMMITTEE
OF BANKERS [ON] MEXICO
by THOMAS W. LAMONT, *Chairman*
IRA H. PATCHIN, *Asst. Secy.*

JUNE 16, 1922

[Enclosure 2]

*Schedule of Obligations*²⁷

\$48,635,000.	Mexican Government 5s, 1899
50,949,000.	Mexican Government 4s, 1910
29,100,000.	(£6,000,000) Mexican Government 6s, 1913

128,684,000. TOTAL SECURED DEBT.

6,769,000.	5% Municipal Loan
37,037,000.	Mexican Government 4s, 1904
25,000,000.	Caja de Prestamos 4½s

68,806,000. TOTAL UNSECURED DEBT.

21,151,000.	Mexican Government 3s, 1886
46,455,000.	Mexican Government 5s, 1894

67,606,000. TOTAL INTERIOR DEBT.

²⁶ Ratified by President Obregón, Aug. 7, 1922 (file no. 812.51/821).

²⁷ For apparent subsequent changes in the schedule of obligations, see *La Deuda Exterior de México* (Editorial "Cultura", Mexico, 1926), pp. 18-19.

Schedule of Obligations—Continued

50,748,575.	National Railways Guaranteed 4s
7,000,000.	Vera Cruz and Pacific 4½s
84,804,115.	National Railways Prior Lien 4½s
23,000,000.	National Railroad Prior Lien 4½s
24,740,000.	National Railroad 4s, 1951
5,850,000.	Mexican International Prior Lien 4½s
4,206,500.	Mexican International Prior Lien 4s, 1977
2,003,000.	Pan American 5s, 1934
1,484,000.	Pan American 5s, 1937
1,374,000.	Mexican Central Priority 5%
1,112,456.	National Railways Equipment 5s
33,662,131.	National Railways Notes
2,000,000.	Tehuantepec Second Mortgage 4½s
1,750,000.	Miscellaneous
<hr/>	
243,734,321.	TOTAL RAILROAD DEBT.
<hr/>	
508,830,321.	TOTAL OF DEBT.

NOTE: In the foregoing schedule provision has not been made for (1) such bonds of the Huerta issues (following so-called issue "A") which are held by banks as collateral; nor (2) for the bonds of the so-called DeKay issue which the Government does not recognize.

To the above may be added such other issues as may be agreed on by the Minister and the International Committee as provided in the agreement.

Amounts are stated according to latest available information and are given in gold dollars.

ADJUSTMENT AND EXTENSION OF THE ARRANGEMENT OF 1921 BETWEEN THE OIL COMPANIES AND THE MEXICAN GOVERNMENT REGARDING TAXATION^a

600.127/264 : Telegram

The Consul in Charge at Mexico City (Ferris) to the Secretary of State

MEXICO, February 23, 1922—11 a.m.

[Received 6:12 p.m.]

Decree published and effective February 21st provides that export duties on petroleum and its derivatives established June 7th, 1921 may be paid Mexican gold or bonds of the public debt as may be determined.

FERRIS

^a For correspondence relating to the arrangement of 1921, see *Foreign Relations*, 1921, vol. II, pp. 447 ff.

812.6363/1106

The Chargé in Mexico (Summerlin) to the Secretary of State

No. 5407

Mexico, April 29, 1922.

[Received May 6.]

SIR: I have the honor to report that the following presidents of American oil companies operating in Mexico, arrived in Mexico City by special train on the 23rd instant, for conference with Mr. Adolfo de la Huerta, Secretary of the Treasury, in regard to petroleum matters:

Mr. Walter C. Teagle, Standard Oil Company of New Jersey,
Mr. Edward L. Doheny, Sr., Mexican Petroleum Company,
Mr. Harry F. Sinclair, Sinclair Oil Company,
Mr. J. W. Van Dyke, Atlantic Refining Company,
Mr. E. C. Lufkin, Texas Oil Company.

Mr. de la Huerta arrived on the same date from Sonora, and the conferences with the oil representatives began on the 24th instant. The visitors were received informally by General Obregón, at Chapultepec Castle, the evening of the 24th.

No official statements have been made public as to the progress of the conferences, but a semi-official denial has been made in regard to a report that one of the objects of the conference is to bring about a reform of Article 27 of the Mexican Constitution.

I have been advised by the representatives that the Department has been informed as to the object of the conference.

I have [etc.]

GEORGE T. SUMMERLIN

812.512/2873

The President of the Standard Oil Company of New Jersey (W. C. Teagle) to the Secretary of State

NEW YORK, May 11, 1922.

[Received May 12.]

MY DEAR MR. SECRETARY: I take this first opportunity since my return to New York to advise you of the course of the discussions at Mexico City between Minister de la Huerta and the Committee of Oil Executives covering the period April 24th to May 3rd, inclusive.

The first purpose of the Committee was to effect a reasonable and permanent basis for the imposition of taxes to take the place of the temporary arrangement which was made when the Committee visited Mexico City in August and September of last year.

Since September, 1921, the total taxes had been increased by the Mexican Government although the selling prices of Mexican pe-

troleum and its products had declined. Our basic position was that there should be a definite relation between taxes and selling prices of the commodities in respect of which the taxes were assessed, and we were successful in convincing the Mexican Government, first, that this theory was sound, and, second, that the tax settlement should be arrived at in advance of Minister de la Huerta's discussions with the bankers.²⁹

The result of our conferences was an agreement along the following lines, to hold for the period of the present administration:

(1) As to the production taxes, a basis of valuation was agreed upon, using actual selling prices of bunker fuel oil at New York as a criterion and providing for an increase in the rate of taxation, should selling prices advance;

(2) As to export taxes, the arrangement made by the Committee with the Mexican Government on September 3rd, last, remains effective;

(3) The Mexican Government agrees to impose no taxes other than those above mentioned.

With regard to the further development of Mexican petroleum resources, we endeavored to make it plain that the oil industry will have no future in Mexico unless an intensive effort to find new fields of production be undertaken and successfully prosecuted; that such effort cannot be undertaken until and unless the Government shall have completely removed the unusual hazards created by domestic legislation, excessive taxation and unreasonable and unnecessary departmental regulation and supervision, and shall extend to the oil industry its cordial co-operation and encouragement; that a reasonable and permanent basis of taxation must be arrived at in order that the industry may know in advance what tax burdens it will have to bear; that the Government shall recognize that the petroleum companies possess and shall guarantee that they shall enjoy full petroleum rights in the properties acquired by them through private contract with the private owners thereof; that the Government shall recognize that the petroleum companies have full and exclusive rights in any federal zones located within the boundaries of their properties; and that the Government shall guarantee that the industry shall not be hampered by the operation or enforcement of agrarian or other laws, by the imposition of taxes or the exercise of regulatory powers by the states or municipalities of the country.

Provided the Mexican Government would accept the foregoing principles, we indicated our willingness to organize the Petroleum Development Company of Mexico (memorandum regarding which

²⁹ See pp. 685 ff.

has already been handed you ⁴⁰) and to transfer to it all petroleum rights in about seven hundred thousand hectares of lands heretofore acquired by our several companies and lying outside the zones already developed.

Minister de la Huerta came back with a counter-proposal which contemplated that the proposed new company should be formed; that the Mexican Government put in its rights, whatever they might be, in our lands and we put in our rights, whatever they might be, in our own lands, the stock of the Company to be divided between the Government and the participating companies on some basis to be agreed upon. To this counter-proposal we responded that the basic conceptions of the two plans were diametrically opposite; that our State Department, as well as ourselves, had from the beginning contended that Article 27 of the Constitution of 1917 should not be construed as applicable to the lands which we have acquired through private transactions with the private owners of the land; that we were unwilling either to surrender or to compromise this principle; and that, as the Mexican Government was proceeding from the opposite viewpoint, the Government's counter-proposal afforded no acceptable basis for an agreement. Minister de la Huerta insisted that the Government's plan was consistent with the position of our State Department and that the Department could not possibly take exception to it—of which he was, of course, unable to convince us.

It being evident that the Mexican Government was not then disposed to recede from its fundamental position, we prepared to return home, and just as we were leaving the Minister handed us a revised plan, which, however, embodied the same fundamentals which had made the prior plan submitted by him unacceptable.

The foregoing brief statement will give you the high spots of the situation, but you will, no doubt, be interested at your leisure to go over the complete *dossier* of the trip, a copy of which will follow within a few days.

We take especial pleasure in acknowledging our obligation to Mr. Summerlin, whom we kept constantly advised of the course of the discussions, who showed us every possible courtesy and whose advice was of great assistance to the Committee.

We believe that nothing was said or done during the Committee's visit which might in any way prejudice the position which the State Department has taken with regard to the Mexican situation as a whole.

Respectfully yours,

W. C. TEAGLE
For the Committee

⁴⁰ Not printed.

812.6363/1233

*The Chief of the Division of Mexican Affairs, Department of State
(Hanna) to the Secretary of State*

[WASHINGTON,] May 26, 1922.

DEAR MR. SECRETARY: Mr. Branch, a local representative of the Mexican Petroleum Company, called yesterday and told me that he had just received a telegram from the private secretary of Mr. de la Huerta saying that the latter would be in New York on June 2. He added that Mr. Lamont's office in New York had received a similar telegram direct from Mr. de la Huerta.⁴¹

M[ATTHEW] E. H[ANNA]

812.6363/1227

*The Chief of the Division of Mexican Affairs, Department of State
(Hanna) to the Secretary of State*

[WASHINGTON,] July 10, 1922.

DEAR MR. SECRETARY: Mr. H. N. Branch, a local representative of the Mexican Petroleum Company, who telephoned last Saturday and requested to see you, desires a conference with you at the request of the Petroleum Committee which is negotiating at the present time with Mr. de la Huerta, to consult you in connection with Mr. de la Huerta's desire that the petroleum companies loan Mexico \$25,000,000 in the nature of an advance on petroleum taxes to be redeemed within at least five years.

Mr. de la Huerta made this proposal in a letter to the Committee dated July 6, in which he promised to submit for General Obregon's approval the Committee's proposal to amend the Decree of June 7, 1921, so as to continue from January 31 of this year the understanding agreed upon on September 3, 1921, that the petroleum companies should pay but 40% of the taxes fixed by that decree. Mr. de la Huerta then adds in his letter:

"but, at the same time, and in accordance with my conversation with you, it is necessary, if this substitution for the agreement of September 3 be made, that the sum of \$25,000,000. be advanced to the Mexican government to the account of the production taxes, which will be redeemed by monthly deductions of 20% of those taxes in the future, in the understanding that the Mexican government will guarantee a minimum annual amortisation of 10,000,000 pesos."

⁴¹ Mr. Lamont was chairman of International Committee of Bankers on Mexico.

Mr. Branch made it clear to me this morning that the Petroleum Committee is giving this proposition favorable consideration. The Committee apparently has no great fear that General Obregon would refuse to continue the 40% tax arrangement, although he might use this to annoy the petroleum companies. Mr. Branch made it clear that the real advantage which the companies would expect to secure in return for such a loan would be some arrangement such as the proposed Petroleum Development Company, under which they could continue petroleum development in Mexico. Mr. Branch emphasized the importance of this to the continued operation and prosperity of the companies, and the bearing it has on Mexican revenues and, incidentally, the bankers' agreement. He added that Mexico is in serious financial straits and that he did not believe that the present regime could continue long without such financial assistance.

Mr. de la Huerta asked for a loan of \$50,000,000 from the petroleum companies at his first meeting with the Petroleum Committee on June 19 last. At that time the Committee refused to consider the matter at all. Mr. Branch stated that, if they should make such a loan, it probably would not exceed \$10,000,000.

Mr. de la Huerta is still in New York awaiting the Committee's answer to his proposal and is to meet the Committee at 12 o'clock today. Mr. Branch made it clear that the Committee will take no action until it hears from him as to your views, and he emphasized his assurances that the Committee desires to work in harmony with the wishes of the Department in this matter.

M[ATTHEW] E. H[ANNA]

812.6363/1228

Memorandum by the Chief of the Division of Mexican Affairs, Department of State (Hanna) of a Conversation between the Secretary of State and H. N. Branch, Representing Oil Companies Operating in Mexico

[WASHINGTON,] July 11, 1922.

Mr. Branch briefly re-stated and elaborated the facts mentioned in the memorandum of the Division of Mexican Affairs dated July 10, 1922, and added that the Committee which he represented desired to know the Department's attitude with respect to such a loan or advance payment of taxes.

The Secretary briefly invited Mr. Branch's attention to the following points:

1. The Department is advised that the Bankers Committee representing the holders of Mexican bonds have reached an agreement

with Mr. de la Huerta for the resumption of interest payment on those bonds and for the settlement of other questions connected therewith, but that this agreement must receive the approval of General Obregon before it becomes effective.

2. The Department is also advised that a Committee representing what the Department understands to be the principal petroleum producers and operators in Mexico has been in conference with Mr. de la Huerta in an effort to reach an agreement for the continuance of petroleum development in Mexico, and has submitted to him its final proposal for such an agreement, which agreement is also subject to approval by General Obregon. (The Secretary specifically stated that the Department had no participation whatsoever in either of these Conferences.)

3. The Department is informed that the Mexican Supreme Court has handed down four decisions⁴² which with the decision of that Court in the Texas Company case⁴³ are said to constitute jurisprudence establishing that Article 27 of the Mexican Constitution is not retroactive or confiscatory in the matters covered by the decisions, but, despite its repeated efforts, the Department has been unable to secure an official copy of the four decisions in reference and understands that they have not yet been published in official form.

4. The Mexican authorities have repeatedly made public statements that the Mexican Congress would enact legislation for the regulation of Article 27 of the Mexican Constitution, without which the questions arising under the terms of that Article cannot be definitely settled, but no such legislation has yet been enacted.

The Secretary then summarized the above by pointing out that in the absence of Mexican Executive, Judicial or Legislative action affording ample and appropriate guaranties for American interests in Mexico, this Government had submitted, for the consideration of the present Mexican federal authorities, a Treaty of Amity and Commerce which would furnish such guaranties, but the Mexican authorities had not yet seen fit to negotiate an acceptable Treaty.⁴⁴

The Secretary then stated that, in view of the situation outlined in the foregoing, this Government, which is seeking proper protection for legally vested American rights and interests in Mexico, does not find itself in a position such that it can recognize the existing Mexican regime, and consequently cannot approve of a loan to that regime.

The Secretary made it very clear that, far from any desire to embarrass the existing administration in Mexico, it is his wish that they might find a mutually satisfactory solution for all their difficulties with American interests in Mexico. He stated that, if the petroleum companies wished to make a loan to the unrecognized Obregon re-

⁴² Not printed; see instruction no. 2185, Aug. 15, to the Chargé in Mexico, p. 680.

⁴³ *Foreign Relations*, 1921, vol. II, p. 464.

⁴⁴ See pp. 639 ff.

gime, for the purpose of arriving at a settlement, they were at liberty to do so. He also made it clear that it is no part of his purpose to embarrass the oil interests represented by Mr. Branch in their effort to arrive at such a settlement.

M[ATTHEW] E. H[ANNA]

812.6363/1228

*The Chief of the Division of Mexican Affairs, Department of State
(Hanna) to the Secretary of State*

[WASHINGTON,] July 11, 1922.

DEAR MR. SECRETARY: Mr. Branch appeared to be satisfied with his Conference with you this morning, and intimated that he thought the Committee would give Mr. de la Huerta a negative answer to his request for a loan.

M[ATTHEW] E. H[ANNA]

611.127/895

*The Chief of the Division of Mexican Affairs, Department of State
(Hanna) to the Secretary of State*

[WASHINGTON,] July 22, 1922.

DEAR MR. SECRETARY: Mr. Harold Walker⁴⁵ told me this morning that Mr. de la Huerta, before leaving New York City, made the demand on the petroleum companies for the export taxes due for shipments of petroleum from Mexico since January last amounting to approximately 12,000,000 pesos. Mr. Walker added that it is the intention of the companies to pay these taxes. As you know, this is the tax that General Obregon pledged to the payment of interest on the Mexican debt.

Mr. Walker stated further that the production tax on petroleum for June fell off from 6,000,000 to 4,000,000 pesos, and that, due to salt water in the Toteco field and other reasons, a further decrease of 2,000,000 pesos in this tax may be expected in August. For similar reasons, there will also be a decrease in the export tax amounting to about 1,250,000 pesos in August. It is expected that these reductions on the present tax basis may continue for some time and, consequently, Mr. Walker fears that the tax rates may be materially increased in the near future.

M[ATTHEW] E. H[ANNA]

⁴⁵ Representative of the Mexican Petroleum Company.

611.127/396

*The Chief of the Division of Mexican Affairs, Department of State
(Hanna) to the Secretary of State*

[WASHINGTON,] November 7, 1922.

DEAR MR. SECRETARY: I believe you are aware that the Mexican authorities have contended that the export tax on petroleum should be paid in New York City without giving the petroleum companies the benefit of the exchange, which ordinarily amounts to about 3%. The petroleum companies have not agreed to this and have suggested as a substitute that the tax should be paid in Mexican gold in Mexico.

Mr. Branch of the local office of the Mexican Petroleum Company informs me that the Mexican authorities have just agreed to accept payment of the export tax on petroleum in Mexico and in Mexican money for this time only. Mr. Branch adds that the tax is due for a three-months period and should amount to approximately two and one-half million dollars. It is my understanding that this entire amount should be transferred to J. P. Morgan and Company in New York to meet payments under the Lamont-De la Huerta agreement,⁴⁸ but there appears to be some doubt as to whether this will be done.

M[ATTHEW] E. H[ANNA]

MEXICAN CHARGES OF AMERICAN INTERFERENCE WITH OIL
LEGISLATION⁴⁹

812.6363/1225

The Chargé in Mexico (Summerlin) to the Secretary of State

No. 6420

MEXICO, October 12, 1922.

[Received October 21.]

SIR: In confirmation of my telegram No. 114, 4 p.m., to-day,⁴⁸ and with reference to the Department's telegram No. 156, October 9, 8 p.m.,⁴⁸ in regard to the draft of a proposed Organic Law on Petroleum, I have the honor to enclose herewith a copy and translation of the latest draft of the proposed law⁴⁸ as received indirectly from Mr. de la Huerta to-day.

In private conversation with Mr. Pani, on the tenth instant, regarding an Organic Law on Petroleum, a draft of which, I stated, I had heard, had been confidentially circulated locally for comment

⁴⁸ *Ante*, p. 686.

⁴⁹ For previous correspondence concerning oil legislation, see *Foreign Relations*, 1921, vol. II, pp. 439 ff.

⁵⁰ Not printed.

and suggestions, Mr. Pani stated that the Department's observations or comment on the draft might be helpful to the Mexican authorities.

The Department will note the changes which have been made since the first draft was made, a translation of which appears to have been furnished the Department,⁴⁹ and in this connection I may state that the Department may receive, in the near future, a secondary draft of the same nature, but I am assured to-day, privately and indirectly, that the draft I am now submitting is to be the final draft.

I have [etc.]

GEORGE T. SUMMERLIN

812.6363/1255

The Chargé in Mexico (Summerlin) to the Secretary of State

No. 6520

MEXICO, October 26, 1922.

[Received November 4.]

SIR: Supplementary to my No. 6420 of October 12, 1922, with which was enclosed a draft which was said to be a proposed Organic Law on Petroleum, regulative of a portion of Article 27 of the Mexican Constitution of 1917, I have the honor to report that at his request, I furnished Mr. Pani (transmitted with a personal note) a copy of the draft which had come into my possession, with a view to its comparison with the official text of the draft.

I am now in receipt of an informal, unofficial and unnumbered note, dated October 21, 1922, from Mr. Pani, a translation of which is herewith enclosed, in which he states that a definite proposal of the matter will be presented very shortly to the Congress, and that as soon as this takes place, he will have pleasure in sending me a copy of it.

I have [etc.]

GEORGE T. SUMMERLIN

[Enclosure—Translation]

The Mexican Secretary of State for Foreign Affairs (Pani) to the American Chargé (Summerlin)

MEXICO, October 21, 1922.

MY DEAR MR. SUMMERLIN: I have the pleasure to acknowledge receipt of your communication of the 19th instant.

I know that very shortly there will be presented to Congress by the Executive Power a definite proposal for the regulation of Article

⁴⁹ *Foreign Relations*, 1921, vol. II, p. 439.

27 insofar as it relates to petroleum. As soon as this takes place, in accordance with your wishes, I will have the pleasure of sending you a copy of said proposed regulation.

I have [etc.]

A. J. PANI

812.6363/1253

*The Chief of the Division of Mexican Affairs, Department of State
(Hanna) to the Secretary of State*

[Extract]

[WASHINGTON,] *October 27, 1922.*

DEAR MR. SECRETARY: Mr. Summerlin writes as follows in a private letter to me dated October 19:

"Mr. de la Huerta seems to be the prime mover in having an organic law on petroleum drawn up. . . . The draft has already been subject to many changes and will continue to be. I have promised Pani a copy of the latest draft I have . . . and he has promised to let me know if it is official.

"Again, last night, Pani said that they would welcome 'honest criticism' (these are my words put into his mouth) of the proposed law. However, as I see it, why should we devote time and ammunition on drafts that are being changed daily? I have made a personal request of Pani for an official copy of the proposed law.

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M[ATTHEW] E. H[ANNA]

812.6363/1248: Telegram

The Secretary of State to the Chargé in Mexico (Summerlin)

WASHINGTON, *November 11, 1922—6 p.m.*

169. Your telegram 114, October 12, 4 P.M.⁵⁰ and despatch 6520, October 26. If you see no objection you may say to Mr. Pani that your Government has advised you that the draft petroleum bill submitted with your despatch 6450, October 17,⁵¹ is entirely inadequate in the matter of the protection of the lawfully acquired rights of American citizens.

HUGHES

⁵⁰ Not printed; see despatch no. 6420, Oct. 12, from the Chargé in Mexico, p. 700.

⁵¹ Not printed.

812.6363/1279 : Telegram

The Chargé in Mexico (Summerlin) to the Secretary of State

MEXICO, November 17, 1922—1 p.m.

[Received 5:35 p.m.]

122. Your telegram no. 169, November 11, 6 p.m.

Pani replies that General Obregón is absolutely ignorant of the source of the draft, that neither he nor Pani had any knowledge of it until I submitted a copy to Pani and that the Executive has not yet submitted to Chamber of Deputies any project relative to the matter in reference. Pani adds, "Moreover, the President charges me to inform you that the dignity and the sovereignty of the Nation preclude absolutely that he accept that the laws which are within the exclusive jurisdiction of the Federal legislative power receive previous censorship by governments of other countries".

SUMMERLIN

812.6363/1281 : Telegram

The Chargé in Mexico (Summerlin) to the Secretary of State

MEXICO, November 18, 1922—noon.

[Received 9:50 p.m.]

124. Pani's informal note, the substance of which was telegraphed in my November 17, 1 p.m., my informal memorandum embodying the Department's observations contained in its telegram 169 November 11, 6 p.m. and previous personal and informal correspondence (the last of no particular importance in the matter) was submitted by the Secretary of the Interior to the Chamber of Deputies last evening and published in full as a grave international incident in today's local press. The matter was the subject of apparently inspired patriotic political speeches in Chamber of Deputies in support of General Obregón's stand regarding what is termed as an attempt by the United States to censor proposed Mexican legislation. . . .

SUMMERLIN

812.6363/1279 : Telegram

The Secretary of State to the Chargé in Mexico (Summerlin)

WASHINGTON, November 20, 1922—5 p.m.

171. Your 124 November 18, 12 noon.

Inform Mr. Pani that you advised the Department of the proceedings in the Chamber of Deputies on the 17th instant and of his communication to you covered by your telegram 122 November 17,

1 P.M., and state that you are instructed to invite his attention to the following official statement of the Department given to the press on the 18th instant which explains the attitude of this Government in this matter.

"The officers of the Department of State were much surprised to learn of the expressions in Mexico that the United States Government was seeking to interfere in Mexico's internal affairs. This Government has not the slightest desire to do so. As Secretary Hughes said in his recent speech at Boston," it is not for us to suggest what laws Mexico shall have relating to the future, for, of course, Mexico must be the judge of her own domestic policy. What we have said as to the proposed legislation was with the understanding that the Mexican authorities would welcome an expression of our views.

The Mexican regime desires recognition by the United States. The confiscatory policy of Mexico has stood in the way. We have said that when a nation has invited intercourse with other nations, has established laws under which investments have been lawfully made, contracts entered into and property rights acquired by citizens of other jurisdictions, it is an essential condition of international intercourse that international obligations shall be met and that there shall be no resort to confiscation and repudiation.

We have repeatedly said that we are not particular as to the form of the assurance against confiscation. We desire the fact.

The Mexican authorities have said that they could not make a treaty to give this assurance against confiscation. They have said that the proper course was for the Mexican Congress to regulate the application of the Constitution of 1917 so as to preclude confiscation. We have said that we have not stood in the way of such legislation and should be glad to see it.

Recently we were informed that a bill for this purpose had been drafted. But the provisions of this bill according to our advices were utterly inadequate to protect against confiscation of valid titles acquired under Mexican laws prior to the Constitution of 1917.

Of course we did not desire to rest apparently satisfied with such procedure and permit the Mexican authorities to assume that recognition by this Government would follow the passage of such an inadequate measure.

We were given to understand that the Department's comment on the proposed measure would not be unwelcome.

We had not the slightest intention of interfering in Mexican affairs and have not done so. The Mexican Congress, of course, is entitled to pass its laws. But if they resort to legislation to interpret the Constitution of 1917 with the idea of precluding confiscation and obtaining recognition by this Government it is only fair that they should know the views of this Government as to the efficacy of the legislation for that purpose. Had this Government in no way intimated its view before the legislation had been passed, there doubtless would have been complaint.

We desired to maintain friendly relations with the Mexican people and it is in the interest of that friendship that we have hoped they

would find a way of giving protection against confiscation. Upon that fundamental question the position of this Government remains precisely what it has been."

HUGHES

812.6363/1279 : Circular telegram

*The Secretary of State to Certain Diplomatic Representatives*⁵³

WASHINGTON, November 21, 1922—6 p.m.

The following is for your information and such discreet use as you may deem wise in your relations with the government to which you are accredited.

The Department has been advised that the Mexican authorities have informed all Central and South American Governments that the Department, in recent representations to the Mexican Foreign Office to the effect that certain proposed Mexican petroleum legislation was entirely inadequate for the protection of rights lawfully acquired in that country by American citizens, had interfered in Mexican internal affairs, and that Mexico will not tolerate such interference by a foreign government.

On learning that the Mexican authorities had taken this view of its representations the Department gave the press the following statement outlining its attitude in the matter:

[Here follows quotation contained in Department's telegram no. 171, November 20, 5 p.m., to the Chargé in Mexico, printed *supra*.]

HUGHES

812.6363/1290

The First Secretary of the Mexican Embassy (Téllez) to the Chief of the Division of Mexican Affairs, Department of State (Hanna)

[Translation⁵⁴]

WASHINGTON, November 22, 1922.

MY DEAR MR. HANNA: In compliance with instructions just sent me by the Foreign Office, I have the pleasure of enclosing herewith to you a copy of the declarations made yesterday by that Office in connection with the statements given to the press by the Department of State Saturday last.

In this connection, I take [etc.]

MANUEL C. TÉLLEZ

⁵³ This telegram was sent to the diplomatic representatives in Argentina, Bolivia, Brazil, Chile, Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, Peru, and Uruguay. A similar instruction, dated Nov. 24, was mailed to the representatives in Colombia, Cuba, Dominican Republic, Ecuador, Haiti, Panama, Paraguay, and Venezuela (file no. 812.6363/1290a).

⁵⁴ File translation revised.

[Enclosure—Translation ²]*Statement by the Mexican Foreign Office*

With reference to the statement made by the Department of State of the United States and published in today's press, the Mexican Foreign Office makes the following statement:

Although it is true that the Secretary for Foreign Affairs of Mexico and Mr. Summerlin naturally have had to discuss orally at various times all matters connected with the decorous resumption of diplomatic relations between the two countries, it is necessary to point out that the Mexican Foreign Office—which is the only legal channel which the Government has for its communication with the Foreign Offices of other states—neither furnished the petroleum bill of which it had no knowledge nor much less asked the Department of State at Washington for comments of any kind thereon. And if the Executive found it necessary to report to the Chamber of Deputies, it was because the memorandum of Mr. Summerlin appeared to imply limitations on the legislative power of Mexico, and to pass over the incident in silence would have been to neglect a duty of solidarity towards the other Federal power concerned and to encourage in addition the belief that importance was not attached to the creation of a precedent which was in writing and was inconsistent with the sovereignty of Mexico and might be resorted to against Mexico in the future by any foreign government.

Fortunately, the Department of State at Washington has stated that it did not intend in this case to trespass upon the sovereignty of Mexico; that the United States has no desire to interfere with the internal affairs of Mexico; that it recognizes that Mexico is the only judge of its internal policy, and that its intentions continue to be friendly.

Mexico gladly receives the foregoing statements, inasmuch as it is animated by the same sentiments of friendship, and it considers this incident to be closed.

812.6363/1225*The Secretary of State to the Chargé in Mexico (Summerlin)*

No. 2283

WASHINGTON, November 25, 1922.

SIR: I am in receipt of your despatch No. 6420 of October 12, 1922, enclosing the text and translation of a draft of a Petroleum Bill and reporting in this connection that on the 10th of October, in a private conversation with you, Mr. Pani had stated that the Department's

² File translation revised.

observations or comment on the draft might be helpful to the Mexican authorities. I have also noted your personal communication to the Chief of the Division of Mexican Affairs, dated October 19th,⁵⁶ reporting that Mr. Pani informed you on the night of the 18th of October, that "they would welcome 'honest criticism' of the proposed Law."

In reply I enclose a translation of a communication dated November 22, from Mr. Manuel C. Téllez, the Mexican representative at this capital, together with a translation of a statement which Mr. Pani gave to the press on the 21st instant in which he asserts that the Mexican Foreign Office "neither furnished the petroleum bill of which it had no knowledge nor much less asked the Department of State at Washington for comments of any kind thereon."⁵⁷

You are instructed to advise Mr. Pani, orally, that you have no desire to continue the discussion of this incident which you are pleased to note he considers as closed but that, for a clear understanding of the attitude of your Government in the matter as outlined in the official statement which the Department gave the press on November 18,⁵⁸ a copy of which you furnished to the Mexican Foreign Office, it seems necessary for you to invite his attention to the fact that you advised the Department that your understanding of his conversation with you on October 10 and again on October 18 last was to the effect that he said that the Department's observations or comment on the draft might be helpful to the Mexican authorities and that they would welcome honest criticism of the proposed measure.

I am [etc.]

CHARLES E. HUGHES

812.6363/1309

The Chargé in Mexico (Summerlin) to the Secretary of State

No. 6707

MEXICO, December 6, 1922.

[Received December 18.]

SIR: I have the honor to acknowledge the receipt of the Department's mail instruction No. 2283 of November 25, 1922, in regard to my despatch No. 6420 of October 12, 1922, enclosing the text and translation of a draft of a Petroleum Bill, and reporting that on October 10th, in a private conversation with Mr. Pani, he had stated that the Department's observations and comment on the draft might be helpful to the Mexican authorities, and in regard to my personal letter to the Chief of the Division of Mexican Affairs, dated

⁵⁶ See Mr. Hanna's note to the Secretary, Oct. 27, p. 702.

⁵⁷ See *supra*.

⁵⁸ See instruction no. 171, Nov. 20, to the Chargé in Mexico, p. 703.

October 19th, in which I reported that Mr. Pani had informed me, on the night of the 18th of October, that: "they would welcome 'honest criticism' of the proposed Law".

I have the honor to report that I complied with the Department's instruction above mentioned, in a personal interview at noon to-day. Mr. Pani replied in English: "that is all right if that was your understanding". I replied: "Yes, it was", and then recalled to him that the first conversation regarding the matter took place at the reception of the Chinese Legation on October 10th, and the second, at his (Mr. Pani's) own house at the reception tendered Japanese Naval Officers on October 18th. Mr. Pani nodded his head, but made no comment.

I have [etc.]

GEORGE T. SUMMERLIN

CONTINUED PROTESTS BY THE UNITED STATES AGAINST AGRARIAN MEASURES IN MEXICO"

812.51/710 : Telegram

The Chargé in Mexico (Summerlin) to the Secretary of State

MEXICO, January 27, 1922—4 p.m.

[Received 10:15 p.m.]

13. To-day's press published Executive decree signed on 26th regulating issuance and amortization of bonds of public agrarian debt based on article 7 of the law of January 10, 1920. The decree provides for issuance of five series of ten million pesos each 5 percent bonds which will be amortized by means of annual drawings of one-twentieth of value on the bonds outstanding each January. Application of claimants must be presented within one year. Value of expropriated land will in no case be fixed at a price greater than its fiscal value as registered where the property is located plus 10 percent. Copy of decree by mail.⁶⁰

SUMMERLIN

812.51/710 : Telegram

The Secretary of State to the Chargé in Mexico (Summerlin)

WASHINGTON, January 30, 1922—6 p.m.

11. Your 13 January 27th, 4 p.m.

Relative to reported provision as to payment for expropriated land make informal representations outlined Department's No. 1501 January 15, 1921.⁶¹

HUGHES

⁶⁰ For previous correspondence, see *Foreign Relations*, 1921, vol. II, pp. 473 ff.

⁶¹ Not printed.

⁶² *Foreign Relations*, 1921, vol. II, p. 474.

812.52/840

*The Acting Secretary of State to the Chargé in Mexico
(Summerlin)*

No. 1996

WASHINGTON, March 6, 1922.

SIR: I am in receipt of your despatch No. 4955, of February 7, 1922,²² transmitting a translation of an executive resolution which appeared in *El Universal* of February 7, 1922, with respect to the latter part of paragraph I of Article 27 of the Mexican Constitution, which reads, in translation, as follows:

"Within a zone of 100 kilometers from the frontiers, and of 50 kilometers from the sea coast, no foreigner shall under any conditions acquire direct ownership of lands and waters."

It appears that, pending the enactment of legislation to enforce Article 27, foreigners owning lands in the zones referred to will not be disturbed in their peaceful possessions, but that the Department of Agriculture and Development has been empowered to regulate the possessions either by parceling them to such Mexicans as the concessionaire may propose, or by exchanging them for other properties outside of the prohibited zones.

You are instructed to state informally to the appropriate authorities that, since the constitutional provision in question refers to the acquirement of lands, you assume that the resolution mentioned relates only to lands that have been purchased by foreigners since the date when the Constitution became effective, and that, in view of the provision of paragraph I of the resolution that foreigners will not be disturbed in the peaceful possession of lands pending the enactment of legislation, you also assume that the provisions of paragraph II relative to action by the Department of Agriculture and Development refer only to arrangements made with the consent of such foreigners.

I am [etc.]

HENRY P. FLETCHER

**SUIT BROUGHT BY THE OLIVER TRADING COMPANY AGAINST THE
GOVERNMENT OF MEXICO IN UNITED STATES DISTRICT COURT
IN NEW YORK**

702.1211/1102: Telegram

*The Secretary of State to the Governor of the State of New York
(Miller)*

WASHINGTON, October 27, 1922.

The representative at this capital of the Central Administration functioning in Mexico has advised the Department that the Oliver

²² Not printed.

Trading Company, an American corporation, has instituted suit against that administration in the Supreme Court of New York, Rockland County, and in connection therewith has attached the furniture, implements and funds of the Mexican Consulate General and Financial Agency in New York City and also the property there of the International Railways of Mexico which the Department understands is controlled by the Mexican Administration.

As you are doubtless aware, this Government has not recognized the Central Administration in Mexico. Moreover, no exequatur has been granted to the person now acting as Mexican Consul General in New York. However, as you were advised in the Department's letter of October 23, 1922,^a the Department has offered no objection to the performance by that person of the usual consular functions, and it clearly appears that the exercise of such functions is essential in many ways to the carrying on of commercial transactions between representatives of the two countries.

Under generally accepted practice and principles of comity a consul may claim inviolability for the archives and official property of his office and their exemption from seizure or examination, and Department is of opinion that under existing circumstances the person acting as Mexican Consul General in New York, even though he has received no exequatur, should in practice be accorded such inviolability.

Department would therefore appreciate it very much if you could find it possible to direct a law officer of your State to take this matter up immediately with the court in question with a view to prompt release from attachment of official property of the Consulate General, which, as the Department is informed, has been compelled by the attachment to suspend its functions. It may be that upon having this matter called to their attention the counsel for the Oliver Trading Company would consent to a lifting of the attachment to the extent indicated.

The matter is very seriously viewed by the Mexican Administration.

Please be so kind as to telegraph me promptly what action you have taken.

Department understands that attorneys for Oliver Trading Company are Zabriskie, Sage, Kerr, and Gray, forty-nine Wall Street.

C. E. HUGHES

^aNot found in Department files.

702.1211/1108 : Telegram

The Governor of the State of New York (Miller) to the Secretary of State

ALBANY, October 27, 1922.

[Received 6:50 p.m.]

Your telegram of 27th relative Mexico Central Administration received, matter referred to Attorney General of the State to take immediate steps to ascertain if purpose set forth can be accomplished. Advise you later.

NATHAN L. MILLER

702.1211/1105 : Telegram

The Deputy Attorney General of the State of New York (Conklin) to the Secretary of State

NEW YORK, October 27, 1922.

[Received 8:25 p.m.]

In the matter of the attachment issued against the property of the Mexican Government by the Oliver Trading Company I am advised by the attorneys, Zabriskie, Sage, Kerr, and Gray that pursuant to the suggestion contained in your telegram to Governor Miller, as they interpret it, they are willing to vacate the attachment so far as it pertains to the property of the Mexican Consular General in New York. They desire me to state that at no time has the attachment been of such a character as to necessitate the suspension of his functions by the Consular General.

I shall telephone you Saturday morning with further explanation and shall await your advice as to whether the relief above outlined will be sufficient.

ROBERT S. CONKLIN

702.1211/1104 : Telegram

The Chargé in Mexico (Summerlin) to the Secretary of State

MEXICO, October 27, 1922—10 a.m.

[Received 5:16 p.m.]

115. Reference to Oliver Trading Company case, today's local press published Foreign Office statement to the effect that if the protest stated to have been presented to the Department is not effective Mexican Consulate in New York will be closed.

SUMMERLIN

702.1211/1114

*Memorandum by Mr. Joseph R. Baker, of the Office of the Solicitor
for the Department of State*

[WASHINGTON,] *October 31, 1922.*

On October 30, 1922, a conference was held before the Acting Secretary, participated in by Mr. Jerome Hess of the firm of Hardin and Hess, New York City, attorneys for the Obregon Administration in Mexico in the suit recently brought in the New York Supreme Court by the Oliver Trading Company against that Administration; by Mr. Frank L. Polk, representing New York bankers who have recently made an arrangement with the Obregon Administration regarding the service of Mexican bonds; by Mr. Matthew E. Hanna, Chief of the Mexican Division. and Mr. Joseph R. Baker of the Solicitor's Office.

Mr. Hess stated that the attachments which have been levied in connection with that suit upon property of the Mexican Consulate General in New York, the financial agency of Mexico in New York, and the property in that city of the National Railways of Mexico, have aroused intense feeling in Mexico and are considered as an affront against the Nation.

When told by the representatives of the Department present that it appeared that the attachment against the property of the Consulate General had been or was about to be lifted, Mr. Hess stated that he had not been informed that such action had actually been taken. Thereupon Mr. Hanna informed him of the message just received by telephone from New York stating that an order was about to be signed to that effect.

However, Mr. Hess added that while this information was gratifying, yet it did not cover the entire situation.

Mr. Polk stated that the attachments in question had been served upon bankers who were supposed to have in their possession funds of the Obregon Administration and that he was of the opinion that if these attachments remained in force, it would disrupt the arrangements made as aforesaid for the service of the Mexican bonds and compel the transfer of negotiations to this end from the United States to a foreign country such as England or Belgium. He further pointed out that if the plaintiff in this litigation should make his attachments hold, a multiplicity of suits against the Obregon Administration might be expected in the United States in which attachments might be levied against Mexican consular and other property.

Reference was made to a recent decision in the Appellate Division of the Supreme Court of New York in a suit brought by one

Wulfsohn against the Russian Socialist Federated Soviet Republic (195 N. Y. Supp. 472) that an unrecognized foreign government is a foreign corporation aggregate and like a foreign corporation which has failed to comply with the requirements of the general corporation law and tax law, it cannot sue but may be sued in our courts. As bearing upon the effects of this decision, Messrs. Polk and Hess argued that there is a large distinction between the respective positions of Mexico and Soviet Russia *vis-à-vis* the United States, since informal relations are maintained with the Mexican Administration, which has in the United States its embassy, consuls and other representatives, while no such relations are maintained with Soviet Russia. Mr. Baker remarked that there undoubtedly was a distinction in fact but that the distinction in law was more difficult to see.

Mr. Polk stated that the British courts had refused to entertain suits against the Soviet Government and Mr. Baker stated that this might be based upon the fact that the British Board of Trade, a *quasi* governmental institution, had made a trade agreement with the Soviet Government, thus extending some measure of recognition.

Mr. Hess stated that he was present from a desire to arrive at some friendly solution of the problems arising out of the suit and attachments and that from his information he believed the judge who granted the attachments had acted *pro forma*, was inclined to regret such action and might welcome an opportunity to vacate the attachments. Mr. Hess therefore proposed that the Department might think it appropriate to communicate with the Governor of New York in an effort to have the Attorney General of that State go before the court as *amicus curiae* and make some statement to the effect that while the Obregon Administration was not recognized by this Government, yet the Mexican Nation was so recognized and that the United States maintains friendly though informal relations with that Nation.

The Department's representatives stated that it desired to compose the existing difficulties but of course did not desire to do any injustice to the Oliver Trading Company, an American corporation, and Mr. Baker stated that even if the Mexican Administration were recognized by this Government, the Department according to its precedents would hardly be justified in taking any action on behalf of a business concern like the National Railways of Mexico, even though controlled by the government. Mr. Polk apparently acquiesced in this view, referring to the Department's position with respect to government owned merchant vessels.

Finally the Acting Secretary stated that the Department was concerned over the existing difficulties and would consider what remedial action, if any, it was in a position to take.

J[OSEPH] R. B[AKER]

702.1211/1128

*Mexican Executive Decree Suspending Commercial Relations with
the State of New York* ⁶⁴

[Translation]

WHEREAS, some authorities of the State of New York have established the violative precedent that any country which does not maintain official relations with the Government of the United States of North America lacks personality before the Courts of the State mentioned to require fulfillment of obligations contracted with it by persons or companies domiciled in said State; yet, on the other hand, that unrecognized country may be brought into court as subject of a cause and its properties embargoed (attached) by persons or companies, in disregard of its rights and sovereignty and in disregard, also, of the prerogatives which pertain to it pursuant to International Law; and

WHEREAS, Mexico is included in the foregoing case, as shown recently on an occasion when in seeking the fulfillment of a contract or purchase and sale of ships, personality to prosecute an action was denied on the ground that its Government had not been recognized by the Government of the United States of America, and that, subsequently, by virtue of a claim made by the Oliver Trading Company against the National Railways of Mexico, the New York Courts were not only declared to have jurisdiction to sit in the premises but they ordered the sequestration of goods and chattels belonging to the Nation:

Now, THEREFORE:

The Executive in my charge has resolved that all the dependencies of the Federal Government shall suspend all manner of commercial operations or contracts of whatsoever kind with persons or associations domiciled in the State of New York; and that Governors of the Mexican States be urged to issue similar resolutions.

Your Secretariat is informed in respect of the foregoing to the end that it may, in its turn, advise all the dependencies and departments of the Federal Government and the Governments of the Mexican States.

Effective Suffrage. No Re-Election.

National Palace, October 30, 1922.

The President of the Republic,

A. OBREGÓN

⁶⁴ Transmitted by the Chargé in Mexico as an enclosure to his despatch no. 6576, Nov. 2, 1922. Published in *El Universal*, Nov. 1, 1922.

702.1211/1117a

*The Acting Secretary of State to the Attorney General of the State
of New York (Newton)*

WASHINGTON, October 31, 1922.

SIR: For your information and such use as you may desire to make of this letter, I beg to confirm the following telegram sent by me on this date to The Honorable the Governor of New York:

"The Honorable
The Governor of New York,
Albany, (New York).
October 31, 1922.

Reference Department's telegram October 27, concerning litigation instituted in New York Supreme Court Rockland County, by Oliver Trading Company against Mexican authorities.

I beg to request that you will be so good as to ask a law officer of your State to appear before the court at a favorable opportunity to make the following statement upon the authority of the Department of State:

"The Government of the United States has at present no official relations with the administration now functioning in Mexico. This fact, however, does not affect the recognition of the Mexican State itself, which for years has been recognized by the United States as an "international person", as that term is understood in international practice. The existing situation simply is that there is no official intercourse between the two States."

(Signed, William Phillips,
Acting Secretary of State.)"

I have [etc.]

WILLIAM PHILLIPS

702.1211/1116

*The Acting Secretary of State to the Governor of the State of New
York (Miller)*

WASHINGTON, November 4, 1922.

SIR: Referring to recent telegraphic correspondence regarding the case of the Oliver Trading Company versus the present Mexican regime, I have the honor to enclose a translation of a communication dated November 1, 1922,^{as} from the representative in Washington of the administration now functioning in Mexico, in which he points out that while the attachment on the property of the Mexican Consulate General at New York has been raised, the order issued by the judicial authorities of the State of New York against the Mexican Financial Agency and the office of the International Railways of Mexico at New York City, as well as the depositories of Mexican funds, still stands; and he requests the Department to exercise its

^a Not printed.

good offices looking to the raising of the order of attachment on the property of the institutions mentioned.

In bringing this communication to your attention, I have the honor to request that you will consider it in connection with my telegram of October 31, 1922,⁶⁶ concerning the litigation in question, in which the Department requested that the statement quoted therein be placed before the appropriate Court of your State.

I have [etc.]

WILLIAM PHILLIPS

702.1211/1130

The Governor of the State of New York (Miller) to the Secretary of State

ALBANY, November 14, 1922.

[Received November 16.]

SIR: I have the honor to refer to previous correspondence regarding the matter of the Oliver Trading Company against the Government of Mexico.

I am advised by the Attorney-General of this State that the attorneys for defendant in the above matter made an application for the removal of the case from the State to the Federal courts and that it has been granted. It is apparent therefore, that further intervention by the Attorney-General of the State of New York will not be necessary.

Respectfully submitted,

NATHAN L. MILLER

702.1211/1134

The Governor of the State of New York (Miller) to the Secretary of State

ALBANY, November 20, 1922.

[Received November 22.]

DEAR SIR: I am in receipt of your letter of November thirteenth,⁶⁷ informing me of the receipt by your Department of a communication from the local representative of the administration now functioning in Mexico to the effect that Mr. Faustino Roel has been appointed Consul General of Mexico at New York City.

It is noted that while the United States government has not recognized the present Mexican regime, the Department of State

⁶⁶ Quoted in letter of Oct. 31, to the Attorney General of the State of New York, p. 714.

⁶⁷ Not printed.

considers that it is advisable for agents of this government to raise no question as to the lack of formal recognition of Mr. Roel.

I can assure you that New York State will be glad to extend every courtesy to Mr. Roel in his capacity as Consul General of Mexico and in order that the Secretary of State of New York may be fully advised as to the position taken, I have caused to have filed in that Department a copy of your communication.

Very truly yours,

NATHAN L. MILLER

702.1211/1150

The First Secretary of the Mexican Embassy (Téllez) to the Chief of the Division of Mexican Affairs, Department of State (Hanna)

[Translation]

WASHINGTON, December 14, 1922.

MY DEAR MR. HANNA: With reference to the antecedents in the case of the complaints of the Oliver American Trading Company, I have received instructions, which I hereby carry out, to apply to the Department and to say that the Government of Mexico yesterday sent to the Consul General at New York permission to appear, if necessary, before the United States Judges who now have charge of the said case, with the understanding that when he so appears he will have no other object than that of confirming before the said Judges the protests already made by the Government of Mexico at the Department of State, and insisting that Mexico does not acknowledge their jurisdiction over a case in which the Government appears as a defendant. I am further instructed to make it clear that the appearance of our Consul General at New York in the Federal court above mentioned does not mean that the Government of Mexico acknowledges them to have jurisdiction in any way whatsoever in the case.

I beg [etc.]

MANUEL C. TÉLLEZ

TERMINATION OF THE EMBARGO ON THE SHIPMENT OF ARMS FROM THE UNITED STATES TO MEXICO*

812.113/9300a : Telegram

*The Acting Secretary of State to the Chargé in Mexico
(Summerlin)*

WASHINGTON, March 3, 1922—11 a. m.

32. A Joint Resolution of Congress approved January 31, 1922 (See *Congressional Record* of January 18, 1922, Page 1499) repeals

* For previous correspondence relating to the embargo, see *Foreign Relations*, 1920, vol. III, pp. 241 ff.

the Joint Resolution of Congress approved March 14, 1912, which was the legal basis for the Presidential Proclamation of July 12, 1919, entitled "Exportation of Arms or Munitions of War to Mexico unlawful,"⁸² a copy of which should be in the Embassy's files, and renders that Proclamation ineffective. Consequently, if this Government is to continue to exercise the control heretofore maintained over shipments of arms or munitions of war to Mexico, a new proclamation will have to be issued under the provisions of the Joint Resolution approved January 31, 1922, which would declare that there exist in Mexico such conditions of domestic violence, which are or may be promoted by the use of arms or munitions of war procured from the United States, as are contemplated by the said joint resolution. The reference to the existence of conditions of domestic violence in Mexico cannot be omitted from the proclamation, and there is no other procedure by which this Government may continue to exercise control over such exportation of arms or munitions of war to Mexico.

You are therefore instructed to seek an interview with General Obregon to explain the situation fully to him and to request an expression of his views on the subject. You should inform him that this Government will meet the wishes of the Mexican authorities with respect to the embargo, terminating it or reimposing it as they may desire. You should however make it absolutely clear that the present embargo cannot be continued without the issuance of a new proclamation containing a recital similar to that contained in the Proclamation of July 12, 1919, as above referred to. Should the present Mexican authorities desire to have the embargo lifted and so inform you, no new proclamation as to Mexico will be issued and the control of shipments of this character heretofore exercised by the Department will automatically cease.

FLETCHER

812.113/9307: Telegram

The Chargé in Mexico (Summerlin) to the Secretary of State

MEXICO, March 6, 1922—5 p. m.

[Received 10:25 p. m.]

32. Department's telegram 32, March 3, 11 a. m. General Obregón thanks the Government of the United States for its offer to proceed in the matter of shipment of arms in accord with the desires of the Mexican Government and requests that it be made known to the Government of the United States that the "present peaceful

⁸² *Foreign Relations*, 1919, vol. II, p. 551.

and tranquil conditions of the Mexican people would not warrant the renewal of the decree that prohibits the exportation from the United States of arms and ammunitions destined to this country".

SUMMERLIN

.812.113/9307: Telegram

The Secretary of State to the Chargé in Mexico (Summerlin)

WASHINGTON, March 7, 1922—5 p. m.

34. Your 32, March 6, 5 p. m. Department has today made public that embargo will not be renewed at this time.

HUGHES

MOROCCO

PROTEST BY THE UNITED STATES AGAINST AN EXCLUSIVE CONCESSION FOR THE CONSTRUCTION AND OPERATION OF A PORT AT TANGIER

881.156/17

The Secretary of State to the Ambassador in France (Herrick)

No. 123

WASHINGTON, December 22, 1921.

SIR: You are requested to transmit to the Foreign Office the following note with regard to the Société Internationale pour le Développement de Tanger:

I have the honor to inform you that my Government has been interested to learn from its Diplomatic Agent in Morocco, that consideration is being given to the question of the development of harbor facilities at the port of Tangier, but is concerned at the information, that the Shereefian Government apparently contemplates granting, according to a "Dahir" dated June 2, 1921,¹ exclusive rights for the construction and operation of the harbor at Tangier to a company designated as "La Société Internationale pour le Développement de Tanger."

Such proposal seems derogatory to the provisions of the Act of Algeciras,² which my Government desires firmly to uphold, as assuring to American nationals the right to participate, on terms of equality, with the nationals of all Powers signatory to that Act, in all public enterprises in the Shereefian Empire.

My Government considers that the creation of efficient harbor services at the port of Tangier is a matter of general interest to the mercantile shipping activities of all maritime Powers, and it would expect that American capital and interests be afforded an opportunity to secure due representation, in any scheme proposed for the building and operation of the future harbor at that port.

Finally, while it is not the intention of my Government to intervene in discussions of a purely and exclusively political import, regarding the eventual governmental regime of the Tangier Zone, it desires to state that it would appreciate being kept informed of the course of all negotiations directly or indirectly bearing upon the construction, administration, and efficient operation of any projected harbor at Tangier.

I am [etc.]

For the Secretary of State:

HENRY P. FLETCHER

¹ Not printed.

² *Foreign Relations*, 1906, pt. 2, p. 1495.

881.156/20

The Ambassador in France (Herrick) to the Secretary of State

No. 1239

PARIS, January 19, 1922.

[Received February 2.]

SIR: I have the honor to transmit herewith copy and translation of the reply of the French Foreign Office to the note contained in the Department's Instruction No. 123, of December 22, 1921, (File No. 881.156/17), relative to the "Société Internationale pour le Développement de Tanger".

While the reply does not seem to be satisfactory relative to the principles enunciated in the Department's note, yet insofar as the case of this company is concerned, the French Government states that bids will be invited from nationals of all the Powers except Germany.

I have [etc.]

MYRON T. HERRICK

[Enclosure--Translation *]

The French Minister for Foreign Affairs (Poincaré) to the American Ambassador (Herrick)

MR. AMBASSADOR: By your letter no. 367 dated the 3d of this month, Your Excellency was good enough to write to my predecessor concerning the Dahir dated June 2, 1921, by which the Sultan of Morocco granted to the "Société Internationale pour le Développement de Tanger" the concession of the harbor works in that city.

The Government of the United States seems to consider this grant as contrary to the provisions of the Act of Algeciras, which it firmly desires to uphold, since it assures to American nationals an equal right to participate with the nationals of all signatory powers to that act in all public enterprises in the Shereefian Empire. The Federal Government considers the creation of a port at Tangier as a matter of general interest to the activities of all maritime powers and it expects that American capital and American interests will be represented in any plan proposed for the building of the future port.

Finally, while the American Government does not intend to intervene in discussions of a purely political character regarding the future régime of the Tangier zone, it asks to be kept informed of all negotiations directly or indirectly bearing on the construction and administration of the projected port.

* File translation revised.

I have the honor to inform Your Excellency that the concession of the port of Tangier was granted by His Shereefian Majesty to the "Société Internationale pour le Développement de Tanger" pursuant to the provisions of treaties in force which permit the Moroccan Government freely to grant large public enterprises on condition that the grantee should put the construction and supplies up for public bids.

It is true that the concession grant of June 2, 1921, provided that the construction work of the port should not be opened to public bids. In effect, this arose from an arrangement concluded in 1914, a few days prior to the war, between the powers most directly interested in the matter and whose nationals had provided the capital of the "Société Internationale pour le Développement de Tanger", that there should be no public bids for the work. I have the pleasure to inform Your Excellency, however, that steps have been taken to revoke the provision of the grant of concession of June 2 and that the construction work will be put up for public bidding by the concessionaire. The nationals of all powers (with the exception of Germans) will therefore be able to present themselves at the public bidding and compete on a footing of perfect equality.

I feel confident that this decision will afford pleasure and satisfaction to the American Government. Mr. White, United States delegate to the Allied Supreme Council, which met at the Ministry for Foreign Affairs on February 25, 1919, declared, in effect, in the name of his Government that in signing the Act of Algeciras, the Government of the United States declared that its sole desire was to assure free access to the country (Morocco) of the commerce of all nations, to facilitate its development and to increase its civilization by maintaining friendly relations with Morocco. These remain to-day the only questions in which the United States interests itself in the Moroccan problem: "the open door and cordial relations with Morocco."

The foregoing explanations provide Your Excellency with the assurances that the régime of the open door remains in force in Morocco. I have heard from Marshal Lyautey of the cordial relations which exist in the Shereefian Empire between American citizens and the local authorities and I am happy to see that Mr. White's wishes and desires are fully realized in Morocco.

Please accept [etc.]

R. POINCARÉ

PARIS, *January 18, 1922.*

881.156/28a : Telegram

The Secretary of State to the Ambassador in Great Britain (Harvey)

WASHINGTON, July 13, 1922—6 p.m.

203.

July 10, French Ambassador visited Department to learn this Government's attitude towards Tangier port concession, which he had previously requested that this Government approve without its submission to the Diplomatic Body at Tangier.

He was informed as follows: that concession had been examined, and, as it involved control of administration and exploitation of port, in addition to construction, concession seemed to give to Shereefian Government—i.e. the French Government—entire control of the port of Tangier.

Tangier presented two sets of questions, political and economic. In the former, this Government did not desire to become involved. However, it was understood that negotiations concerning Tangier were about to take place among Great Britain, France and Spain, and this Government did not believe that any specific question, such as the port concession, could be satisfactorily settled now, in view of possible developments in forthcoming conference.

As to economic matters in Tangier, United States had certain rights under Act of Algeciras which had never been relinquished and had not been affected by special arrangements to which United States had not been party. United States considered it important to conserve these rights. Tangier port concession appeared to have been granted in absolute disregard of Act of Algeciras. This Government could not enter into a separate agreement with French in the light of provisions of the Act, and exercise good faith towards the other powers. United States could not insist upon protection of Act and at same time virtually disregard Act. Therefore, until a new treaty arrangement was made conserving American interests, United States would maintain its position under the Act, and consequently could not approve port concession granted in disregard of the Act.

Repeat, omitting first paragraph, to Paris as Department's 223, Madrid [as] 29 and Tangier as 13.

HUGHES

881.156/36

*The Acting Secretary of State to the Chargé in France
(Whitehouse)*

No. 432

WASHINGTON, September 21, 1922.

SIR: You will recall that on January 3, 1922, the Embassy transmitted to the French Minister for Foreign Affairs a note stating that

this Government considered that the grant by the Shereefian Dahir of June 2, 1921, of the concession to construct and administer the harbor works of Tangier to the "Société Internationale pour le Développement de Tanger" was made contrary to the provisions of the Act of Algeciras.

M. Poincaré, in his reply of January 18, stated that the concession for the port of Tangier was granted by the Shereefian Government pursuant to the provisions of treaties in force which were said to permit the Moroccan Government freely to grant large public enterprises on the condition that the grantee should put the construction and supplies up for public competition. M. Poincaré further stated that the terms of the Dahir of June 2, 1921, did not provide for such public competition, owing to the fact that the Powers most interested in the concession had decided, in 1914, that there should be no public competition for the work. M. Poincaré announced, however, that the terms of the concession would immediately be modified so as to provide for competition.

In conclusion, M. Poincaré quoted a statement by Mr. Henry White, on February 25, 1919, to the effect that the United States, in signing the Act of Algeciras, had declared that its sole desire was to assure free access to Morocco to the commerce of all nations, to facilitate its development and to increase its civilization by maintaining friendly relations with Morocco, and that in 1919 the only questions in which the United States was interested in Morocco were the "open door" and cordial relations with Morocco.

Upon the receipt of this note, this Government, although not in agreement with the position taken by M. Poincaré, especially with regard to the alleged right of the Shereefian Government freely to grant concessions in Tangier under the terms of the treaties in force, decided to await further developments in regard to the port concession.

These developments have been such, however, that this Government deems it necessary again formally to make plain to the French Government its views on the subject of the port concession, and the procedure by which it has been granted. As you are aware, the Secretary of State verbally explained to the French Ambassador at this capital, during a conversation on July 10, 1922, the attitude of the United States in this matter. As intimated by the statement of Mr. White, which was quoted by M. Poincaré, the preservation of the "open door", which is guaranteed to American and other foreign interests by the Act of Algeciras, is the chief concern of this country in Morocco as well as in other parts of the world where the "open door" principle has been established by international agreements or understandings.

The following statement of the attitude of the United States towards Moroccan affairs, made in the Department's note of February 13, 1914,⁴ to the French Ambassador at Washington, sets forth, even more clearly than does Mr. White's statement, the policy of this Government:

"As the main purpose of the United States in participating in the Algeciras Conference and in the adoption of the Act resulting therefrom was to preserve and increase its commerce in Morocco, this Government desires equal opportunities for American commercial interests not only to maintain their present standing in Morocco but also to share in the country's commercial development."

The original project for an international company to develop the port of Tangier, and the procedure contemplated for putting it into effect, were first brought to this Government's attention by a despatch, dated May 23, 1914,⁵ from the American Chargé d'Affaires at Tangier, as follows:

"A Commission of four technical delegates, designated respectively by the governments of France, Spain, Germany and Great Britain, as the Powers principally interested, are to meet in Paris at the end of this month to examine the plans of the port drawn up by the Engineer in Chief of the Department of Public Works of Morocco. The 'Cahier des Charges' relating to the adjudication of the contract for the works of the port, will simultaneously be submitted to the approval of this same Technical Commission. Following this, a report will be made by each of the technical delegates to their respective governments, and in the event of acceptance, the project will then be submitted for formal approval on the part of the Diplomatic Body in Tangier. Upon the final adoption of the project, the Sultan will issue a 'Dahir' granting the concession of the port to an International Company which has been formed for the purpose of financing the works and administering the harbor. The capital of this company has been raised in the following proportions: 30% by France, 20% by Great Britain, Spain and Germany respectively, and 10% open to contribution on the part of the other Powers. Italy, Belgium and Holland, I understand, have already taken up about 2% each.

"As soon as the formalities, above noted, have been completed, the contract for the construction of the port will be put up for international tender, in accordance with the provisions of the Act of Algeciras."

Attention is especially called to the procedure contemplating submission of the project to the Diplomatic Body at Tangier before the issuance of a Shereefian Dahir granting the concession. Such procedure was in accordance with the Act of Algeciras, and conse-

⁴ *Foreign Relations*, 1914, p. 907.

⁵ Not printed.

quently this Government, at that time, foresaw no objection to it. The project of 1914, however, was never realized, owing to the outbreak of the war.

It should be remembered that the United States has not been a party to any agreement modifying its rights in Tangier, under the Act of Algeciras, since 1914.

It was therefore with astonishment that this Government learned that on June 2, 1921, without previous notice to the Diplomatic Body, the Shereefian Government had granted the port concession to the so-called international company, which had been revived in 1921, with 53% of the shares under the virtual direction of France. The submission of the project to the Diplomatic Body in Tangier, required by the Act of Algeciras, and contemplated in 1914 as a matter of course, was omitted. The American Diplomatic Agent at Tangier did not receive a copy of the Shereefian Dahir of June 2, 1921, indeed, until he had specifically requested it.

This disregard of the provisions of the Act of Algeciras was brought to the attention of the French Government by your note of January 3, with the result mentioned above.

On June 8, 1922, the General Commission on Contracts at Tangier, composed of two Shereefian Delegates, two Delegates of the Diplomatic Corps and one Administrative Delegate, met, having been hurriedly and without previous notice called together to receive a communication from the engineer technical adviser of the Shereefian Government concerning the technical project of the construction of the port at Tangier, and concerning the date for the adjudication of the work.

The Secretary of the American Diplomatic Agency, who is one of the two Delegates on this Commission from the Diplomatic Corps, stated at this meeting that the United States Government deemed the port concession in itself to be derogatory to the Act of Algeciras, that the French Government had been so informed, and that consequently he did not consider it proper to participate in any discussion in regard to the execution of the port concession. He therefore requested an adjournment until the matter could be discussed with his Government and until he could receive his Government's instructions.

His request being concurred in by his Italian Colleague, the Commission agreed that another meeting should be called on June 22 to give an opportunity for the Diplomatic Corps to arrive at a decision in the premises.

In spite of this action of the Commission, the Sultan's representative, who is chairman, on June 12, caused to be published and transmitted to the Diplomatic Corps a printed notice, signed by

himself, that the adjudication of the contract for the port works would take place on November 9, 1922.

A meeting of the Diplomatic Corps at Tangier was immediately held, attended by all its members with the exception of the Agent of France. A communication, of which a translation follows, was addressed to the President of the Commission of Adjudications, upon the unanimous resolution of the meeting:

"I have the honor to inform you that the Diplomatic Corps, with the exception of the Diplomatic Agent of France, assembled on June 12th under my presidency, has heard its delegates on the general commission on adjudications and contracts. From the report presented by them it results that at the meeting of said commission held on June 8th, no resolution was passed concerning the adjudication of the works for the construction of a port at Tangier. On the contrary, the commission decided to hold a new meeting on June 22nd next, at which the delegates of the Diplomatic Corps would make their eventual observations.

"Under these conditions, my colleagues have instructed me to express to you their astonishment at receiving a notice, published in the name of the commission, and fixing for the ninth November next the adjudication of the works in question.

"Setting aside all questions of principle relating to the granting of the concession, and without desiring to insist upon the lack of deference toward the Diplomatic Corps which the procedure might signify, my colleagues have requested me to make a formal protest against the publication of the above mentioned notice, the validity of which they do not recognize.

"They have informed their respective governments in this sense and they suggest to Your Excellency that it would be opportune to have this notice of adjudication withdrawn in view of the regrettable consequences it might be susceptible of entailing to private interests."

On June 23, the American Diplomatic Agent at Tangier addressed a note, a copy of which is transmitted herewith,* to the Sultan's representative at Tangier, stating that this Government considers the procedure adopted by the Shereefian Government in connection with the port concession to be a violation of the Act of Algeciras, with regard to public contracts and concessions. A copy of the reply of the Sultan's representative, dated July 6, is transmitted herewith.*

It will be observed that the most important feature of this reply has to do with the Franco-German treaty of 1911, which, it is stated, "entirely relieved the Shereefian Government of the obligation to have recourse to adjudication for the granting of concessions". The reply further states that "the Government of the United States has adhered to the Protectorate Treaty of 1912, which implies recognition of principles contained in the aforementioned Treaty." These state-

* Not printed.

ments appear to be in line with that concerning treaties in force made by M. Poincaré in his note of January 18.

This Government has repeatedly pointed out to the French Government, both formally and informally, that it has never adhered to the protectorate Treaty of 1912.

The recognition of the French Protectorate in the French Zone of Morocco by this Government in its note of January 15, 1917,¹ to the French Ambassador at this capital, did not constitute an adhesion to the Franco-Moroccan Treaty of March 30, 1912, nor did this Government, by this or any other act, adhere to the Franco-German agreement of February 4, 1911, which preceded the treaty of protectorate. On the contrary, this Government, in a note of December 15, 1911,² informed the French Ambassador that its adhesion to the Franco-German Agreement "would involve a modification of our existing treaty rights with Morocco, which, under our Constitution, could only be done by and with the advice and consent of the United States Senate."

Consequently, the rights of the United States under the Act of Algeciras, with regard to concessions for public works in Tangier, remain unimpaired by any subsequent special agreements to which this Government is not a party.

Without answering in detail the specific arguments advanced by the Sultan's representative in his note of July 6, it is pointed out that the regulations drawn up under the Act of Algeciras to provide for the award of contracts for public works obviously contemplate the application of the principle of the public award, after competition, of all contracts or concessions for public works, whether such works are to be paid for out of the Special Fund or otherwise. In place of the Special Commission, to which must be submitted contracts for work to be paid for out of the Special Fund, there is established, under the regulations for the awarding of contracts in general, a Special Commission called the General Commission on Contracts. On this Commission, the Diplomatic Body is represented by two delegates, and provision is made for the reference to the whole Diplomatic Body of any objections raised by these delegates. The preamble and pertinent articles of these regulations for the award of contracts in general are quoted below:³

"In view of the General Act of Algeciras, and particularly Article 61, providing that part of the receipts from the tax to be levied on city buildings shall be devoted to the needs of municipal roads and hygiene and in general to the expenses of improvement and

¹ *Foreign Relations*, 1917, p. 1004.

² *Ibid.*, 1911, p. 623.

³ French text is filed with despatch no. 359 of June 11, 1908, from Morocco (file no. 295/267-268).

keeping up of cities; Article 74, relating to the letting out of the tobacco, opium, and kief monopolies; and Articles 105 to 109 inclusive, relating to public services, supplies, and works; and considering that, according to Article 110, it is necessary to determine the formalities and general conditions to which the awarding of contracts in the Empire shall be subject, the following regulations have been prepared in accordance with the agreement reached between the Sherifian Delegation and the Diplomatic Corps:

ARTICLE 1

"The public works executed in the cases provided for in Articles 61, 74 and 105 to 109 inclusive of the General Act of Algeciras shall be declared to be of public utility on a request being made to the Makhzen, accompanied by plans in its support, by the Commission provided for in Article 4 below.

ARTICLE 2 [3]

"All awards and contracts for work, supplies, and transportation mentioned in the cases contemplated in Article 1 shall be subject to the rules contained in the regulations on awarding of contracts for work to be paid for out of the Special Fund, as modified in the ensuing articles. . . .¹⁰

ARTICLE 4

"In place of the Special Committee organized in accordance with Article 1 of the regulations on the awarding of contracts for work to be paid for out of the Special Fund, there shall be a Sherifian Commission called the General Commission on Contracts, composed as follows:

"Two Sherifian Delegates, two Delegates of the Diplomatic Corps, and one Delegate from the administrative department concerned.

"At the request of one of its members, this Commission shall have attached to it a technical expert to be chosen by it and who shall have a consulting voice. He shall perform the duties prescribed for the engineer in the aforementioned regulations . . .

"In case the delegates of the Diplomatic Corps should consider that the adoption of a proposition would constitute a violation of the provisions of the General Act of Algeciras, they shall make their objection in the form of a written declaration. Before taking a vote, the president of the Commission shall submit the question thus raised to the Diplomatic Corps, which shall give its opinion regarding the validity of the objection within a period not to exceed 15 days.

ARTICLE 5

"When it is necessary to call for bids or conclude direct bargains regarding the matters referred to in Article 1, the Makhzen shall notify the General Commission, which shall have the interested administrative department prepare plans and specifications and submit them to the approval of the Makhzen.

¹⁰ The marks of ellipsis, here and later in this document, appear in the Acting Secretary's original instruction.

"These documents shall contain the general provisions relating to the job, and specially: . . .

"Besides these general conditions, special conditions regarding bargains for supplies, monopolies, and transportation may be inserted in the specifications, but without contravening the rule laid down in Article 109 of the Act of Algeciras. . . .

ARTICLE 8

"In case of the awarding of monopolies or supply contracts, the award shall be made to the highest bidder, or to the one asking the lowest price per unit fixed in the specifications, or to the one making the greatest reduction, or asking the lowest price for the whole supply."

Notwithstanding the express provisions, especially Article 4, of these regulations, the port concession itself was apparently never submitted to the Commission, and the notice of adjudication was issued irrespective of the protest of the Diplomatic members of the Commission. Thus there appears to have been a double violation of the letter of regulations drawn up under the Act of Algeciras, and also a violation of the spirit of that Act.

This Government is unable to reconcile the above enumerated actions of the Shereefian authorities with the final paragraph of M. Poincaré's note of January 18, in which he assures this Government that the régime of the "open door" remains in force in Morocco. The manner in which the port concession has been handled gives this Government cause for grave apprehension lest it be the purpose of the Shereefian Government with the encouragement and support of the French Government to disregard the express provisions of the Act of Algeciras in future cases which may arise affecting American interests in Morocco.

This Government is further firmly of the opinion that the granting of an exclusive port concession at Tangier to a company a majority of whose shares are controlled by one nation, taken in conjunction with the fact that this company is granted administrative control of the port for ninety-nine (99) years, is a violation of the principle of the "open door" established by the Act of Algeciras.

The United States Government, as a signatory of the Act of Algeciras, is unable, under the Constitution of the United States, to view with equanimity violations of that Act and, hence, has no other course open to it than to communicate with other signatory Powers with a view to taking common counsel regarding action that may be taken for the protection of the principle of the "open door" and of the rights of the United States.

You may hand a copy of this instruction, together with its enclosures, to M. Poincaré, with the request that he make known to

you at the earliest practicable moment the policy of the French Government with respect to the questions herein raised.

I am [etc.]

WILLIAM PHILLIPS

881.156/42 : Telegram

The Ambassador in France (Herrick) to the Secretary of State

PARIS, October 17, 1922—6 p.m.

[Received 7:28 p.m.]

406. Have just seen the Spanish Ambassador who handed me a copy of the note which he is going to present to the French Government in regard to the Tangier port concession. He told me British Ambassador was going to hand in a practically identic note. He knew that Whitehouse had already handed in to the Foreign Office a copy of your instructions on this matter but requested me to ask you whether you would be willing to make a further brief additional communication to Foreign Office stating that our Government associated itself with the British and Spanish protests.

He did not seem very optimistic as to the results of our protests and considered that his Government had during the lengthy negotiations lost sight of the main point which was the question of principle and was only now coming back to it.

His new protest is on similar lines to ours. A copy and translation of the Spanish note will be forwarded by the next pouch and a copy of the British note as soon as I receive it.

HERRICK

881.156/42 : Telegram

The Acting Secretary of State to the Ambassador in France (Herrick)

WASHINGTON, October 19, 1922—2 p.m.

324. Your 406, October 17, 6 p.m.

You may explain to the Spanish Ambassador orally that there is a difference in the relation of the United States to Moroccan questions from that of Spain, which has a zone of influence and important political interests in Morocco and Tangier.

The United States has certain rights under the Act of Algeciras, which it deems to have been violated by the procedure by which the port concession was granted. These rights the United States has insisted upon in its representations to France.

While, therefore, this Government is very greatly interested in maintaining its rights, it would seem that the bases of the positions

of Spain and the United States are not sufficiently similar to warrant this Government in taking part in joint representations to France.

PHILLIPS

881.156/38

The Secretary of State to the Diplomatic Agent and Consul General at Tangier (Denning)

No. 227

WASHINGTON, October 20, 1922.

SIR: Reference is made to previous correspondence relative to the Tangier port concession. There are transmitted herewith, for your information, two copies of an instruction, dated September 21, 1922, which the American Chargé d'Affaires at Paris delivered to the French Government on October 6, 1922.^{10a}

You are requested to hand a copy of this communication to the Vizier of the Sultan of Morocco at Tangier and to inform him that, as this Government has now taken up the matter of the port concession direct with the French Government through the American Embassy at Paris, no further reply will be made to his note of July 6, 1922.¹¹ You may point out, however, that this Government's views in regard to the note in question are fully stated in the enclosed instruction.

You are further informed that the purport of this instruction will be conveyed verbally to the diplomatic representatives at Washington of France, Great Britain, Spain, Belgium, Italy, the Netherlands, Portugal and Sweden.

I am [etc.]

CHARLES E. HUGHES

881.156/46 : Telegram

The Ambassador in France (Herrick) to the Secretary of State

PARIS, November 3, 1922—3 p.m.

[Received 8:10 p.m.]

445. Department's instruction number 432, September 21st, 1922. I am now in receipt of a note¹² from the Foreign Office in answer to Department's instruction above referred to, copy of which is transmitted in to-day's pouch.

In view of the fact that adjudication of the contract for Tangier port works takes place on November 9th it would appear advisable

^{10a} *Ante*, p. 723.

¹¹ Not printed.

¹² Dated Oct. 28; not printed.

to telegraph a summary of certain portions of this note which is as follows:

Reference is made to article 6 of the Franco-German agreement of 1911 which rendered possible the protectorate treaty which states that the Sultan shall freely choose a concessionaire of important public works. Said provisions have been applied for eleven years in Morocco without protest. The protest of the United States Government against the exercise of his rights by the Sultan to grant a concession for the port of Tangier without authorization of diplomatic corps causes surprise to the French Government which quotes two concessions granted in 1920 without protest (see report number 11, August 15, 1921,^{12a} of diplomatic agent at Tangier (?) enclosure of Department's instruction to me number 193 February 15, 1922¹³). Reference is also made to the percentages comprising the capital of the Société Internationale stating that the Moroccan Government has requested that the German and Austro-German shares be wholly reserved to French and Moroccan capital which request "appears too fair to be refused" and which is strictly in accordance with the provisions of the treaty of Versailles relative to German relinquishment of the rights in Morocco. In conclusion the French Government expects that the American Legation in Morocco will be instructed to cease its opposition to the concession of the port of Tangier.

HERRICK

891.156/48a : Telegram

The Secretary of State to the Ambassador in France (Herrick)

WASHINGTON, November 3, 1922—5 p.m.

357. Tangier port concession.

Spanish Embassy here states that French Government has informed Spanish Embassy, Paris, that it is unable, or unwilling, to influence Sultan of Morocco to amend plans for adjudication of contract on November 9.

If you receive similar reply from French Government to your representations, please reply immediately, calling attention to this Government's representations, and stating that the United States formally reserves all its rights in the premises.

HUGHES

^{12a} Not found in Department files.

¹³ Not printed.

881.156/46 : Telegram

*The Acting Secretary of State to the Ambassador in France
(Herrick)*

WASHINGTON, November 4, 1922—7 p.m.

361. Your 445, November 3, 3 p.m.

Please reply to French Government in sense of final paragraph of Department's 357, November 3, 5 p.m. You may add that, as this Government is unable to accept the French thesis in regard to the legality of the granting of the port concession, it obviously cannot issue the instructions to the American Agent in Tangier requested by the French note.

PHILLIPS

881.156/46 : Telegram

*The Acting Secretary of State to the Diplomatic Agent and Consul
General at Tangier (Denning)*

WASHINGTON, November 4, 1922—6 p.m.

21. Port concession.

French Government has replied to Paris Embassy's representations (Department's instruction to Paris No. 432, September 21, 1922) in following sense: That article 6 of Franco-German agreement of 1911, giving Sultan freedom in choosing public works concessionaires, has been applied in Morocco for eleven years without protest; that American protest is therefore surprise; that two concessions were granted in 1920 without protest; that assignment of ex-enemy shares in port company was made at request of Moroccan Government—a request "too fair to be refused"—, and strictly in accordance with Versailles Treaty; that French Government expects this Government to instruct you to cease opposition to port concession.

Department has instructed Ambassador at Paris to reply, formally reserving all American rights in the premises, and to add that, as this Government does not accept the French thesis in regard to the legality of the granting of the port concession, it cannot issue to you the instructions in question.

The French contention, that this Government, by failing to protest in one or several instances, has constructively waived its right to protest in any instance of the violation of its rights, is of course not accepted by the Department.

Department presumes that there is no further action to take at present, except the formal reservation of rights mentioned above. Keep Department informed of developments.

PHILLIPS

881.156/51 : Telegram

The Diplomatic Agent and Consul General at Tangier (Denning) to the Secretary of State

[Paraphrase]

TANGIER, November 9, 1922—7 p.m.

[Received 10:10 p.m.]

Announcement made in morning press that port adjudication to be postponed for a short time.

I am reliably informed that the French diplomatic agent was instructed by his Government on November 6 to notify the representative of the Sultan at Tangier, who is the President of the Adjudication Commission, to postpone the port concession until further notice. There was no explanation.

The British agent also received a telegram which stated that Poincaré had agreed to postpone the port adjudication until after the Lausanne conference as a result of Lord Curzon's personal plea.

DENNING

881.156/50 : Telegram

The Secretary of State to the Diplomatic Agent and Consul General at Tangier (Denning)

WASHINGTON, November 11, 1922—6 p.m.

22. Your November 9, 7 p.m.

American Embassy Paris telegraphs that French Government attributes postponement to financial reasons. Report local developments, and advise by cable of any requests that you may receive looking to your joining in protest by Diplomatic Corps against legality of concession.

HUGHES

881.156/51 : Telegram

The Secretary of State to the Ambassador in France (Herrick)

WASHINGTON, November 11, 1922—6 p.m.

370. Your 454, November 9, 3 p.m.,¹⁴ Tangier port concession.

Tangier telegraphs that British Agency reports postponement until after Lausanne Conference, due to Curzon's personal plea to Poincaré. Please cable any development.

HUGHES

¹⁴ Not printed; see Department's telegram no. 22 to Tangier, *supra*.

INSISTENCE BY THE UNITED STATES UPON THE JURISDICTION OF ITS CONSULAR COURTS OVER AMERICAN PROTÉGÉS IN MOROCCO

381.8121 El 6/—

*The Acting Secretary of State to the Ambassador in France
(Wallace)*

No. 713

WASHINGTON, January 3, 1921.

SIR: The Department sends you herewith a copy of despatch No. 148, of July 7 [19], 1920,¹⁵ from the American Agent and Consul General at Tangier, Morocco, concerning the arrest of the American Semsar, Allal Weld El Hadj Boaza Ben El-Mamoon, and his subsequent trial and condemnation by a French Court Martial in Morocco. There are also enclosed copies of the correspondence quoted in this despatch.¹⁶

You are instructed to communicate with the French Minister of Foreign Affairs substantially as follows:

Upon instructions from my Government, I have the honor to bring to Your Excellency's attention the circumstances connected with the arrest, in violation of treaty rights, of the American Semsar (Protégé) Allal Weld El-Hadj Boaza Ben El-Mamoon, and his subsequent trial and condemnation by Court Martial, carried out by the French authorities in Morocco in spite of the repeated official protests of the American Agent and Consul General at Tangier.

Allal Ben El-Mamoon, according to information furnished by Mr. Blake, the American Agent and Consul General at Tangier, received his American protection under the terms of the Madrid Convention of 1880,¹⁷ and his name was first incorporated in the list of American protégés in the year 1914, upon the request of Mr. Joseph R. Cazes, an American citizen and a large exporter of cattle in Morocco. He, Allal, was the local buying agent of Mr. Cazes in the region of the Gharb. After the usual independent investigations by the French authorities, his name was accepted by them without objection, and American jurisdiction of his person and property was thereby recognized by the French authorities.

For some years this American protégé has occupied jointly with the community of the Village of Oulad Mamoon, in the Gharb, a tract of land which he says was purchased long ago by his father and is owned by himself and the community as joint tenants. The land is, however, claimed by a third party, and the litigation relating thereto appears to have been pending over a period of several years, the case having been heard in Tangier and by different

¹⁵ Not printed.

¹⁷ *Foreign Relations*, 1880, p. 917.

Kadis of the Gharb. The American protégé affirms that in the course of the litigation no judgment has ever been rendered against him or his community; that, on the contrary, when, prior to 1914, he was under French protection, the case was repeatedly decided in their favor; that a document purporting to be a judgment against them, alleged to exist in the hands of his (Allal's) adversaries, is a fraudulent document issued by a Kadi who was removed by the French authorities and sentenced to imprisonment and hard labor; and that the military authorities who ruled the region of the Gharb prior to the establishment of the Civil Control repeatedly refused to give any countenance to the document or to execute it.

Early in December, 1919, an officer of the local civil authorities came to the Village of Oulad Mamoon and informed the community that their adversaries had produced a judgment rendered against them and demanded its enforcement. The officer ordered them forthwith to vacate the property, which, it was said, had been leased to a certain Mr. Stevens and his partner, Madame Ducamp. The community refused to comply with the order, and the officer arrested them all, including the American protégé, in spite of the latter's protest and his exhibition of his certificate of American protection. They were all thrown into prison.

After several days' incarceration, Allal Ben El-Mamoon was released on the orders of the French Residency-General at Rabat, issued at the instance of Mr. El-Khazen, of the American Agency and Consulate-General at Tangier, who was at the time on an official mission in the French Protectorate. Mr. El-Khazen, upon the instructions of Mr. Blake, made it clear that the American protection of Allal Ben El-Mamoon must by no means be construed to be extended to the entire community of the Village of Oulad Mamoon, and he agreed with the Residency-General that the abode of the American protégé and the portion of the litigious property actually occupied by him personally should be respected and left in his possession until the alleged judgment invoked by his adversaries had been presented to Mr. Blake for execution in conformity with the stipulations of the treaties.

Under date of January 27, 1920, the Resident General at Rabat, in a telegram to the American Agent and Consul General at Tangier, stated that he was informed that on the previous day Allal Ben El-Mamoon had forcibly expelled the adversaries of his community who had been placed in possession of the litigious property, except that portion thereof held by Allal Ben El-Mamoon, and that he had furthermore assembled the tribe of Oulad M'rara, excited them to revolt, and, in the course of the disturbance, seized or dispersed the herds of his adversaries, carried out a veritable pillage, and threat-

ened Europeans with a revolver. The Resident General said further that in view of the gravity and the nature of the occurrences, which disturbed public order, he had ordered the arrest of Allal Ben El-Mamoon.

Upon the receipt of this telegram, Mr. Blake, considering the gravity of the charges, gave instructions to Mr. El-Khazen to offer to cooperate with the Residency-General in a joint investigation of the facts. Mr. El-Khazen was at the same time instructed to request the surrender of the American Semsar to the American consular authorities, the only judicial authorities recognized by the treaties and by the Maghzen as competent to judge American *ressortissants*, and further to convey assurances to the Resident General that, if Allal Ben El-Mamoon were found guilty of the charges brought against him, Mr. Blake would request the Government of the United States to cancel his protection and authorize his delivery to the Maghzen authorities to be dealt with as they should think fit.

Mr. Blake's offer of cooperation with the Residency General and his request for the surrender of the American Semsar to American consular jurisdiction were apparently ignored. The Resident General, in his letter of February 17, 1920, communicated the result of his separate inquiry and stated that he had ordered the confinement of Allal Ben El-Mamoon in the military prison at Rabat. At the same time he informed the American Agent and Consul General that, as General Commander in Chief of the Corps of Occupation, and in conformity with an order of August 2, 1914, instituting martial law in Morocco, he had authorized the trial of the American protégé by a French court martial. In a later communication, answering a letter from Mr. Blake, dated April 13, 1920, the Resident General expressly declined to adopt the renewed suggestion of a joint inquiry into the facts of Allal Ben El-Mamoon's case. The trial by court martial proceeded, and on May 20, 1920, the Council of War of the Rabat Subdivision pronounced judgment, declaring the American protégé guilty of banded pillage with open force (extenuating circumstances admitted) and condemning him to a penalty of three years' imprisonment.

Upon being informed of the sentence pronounced upon the American protégé, the American Agent and Consul General at Tangier immediately addressed to the Resident General at Rabat a formal protest against the violation, in this case, of American treaty rights which had never before been questioned. Referring to the order of August 2, 1914, which had been invoked against Allal Ben El-Mamoon by the Resident General, he reiterated the statement which he had made in his letter of April 13, 1920, that, although the French authorities in Morocco had requested the consent of at least one foreign government, namely the British Government, to the application of this order

to its subjects and protégés in Morocco, no similar request had ever been addressed to the American government. He concluded with a request for the immediate release of Allal Ben El-Mamoon and his surrender to the American judicial authorities in Morocco.

The representations of the American Agent and Consul General at Tangier having so far failed to effect their purpose, my Government directs me to say to you that it fully endorses the position taken by the American Agent and Consul General at Tangier in this case, and that it has learned with surprise of the refusal of the French Resident General at Rabat to comply with Mr. Blake's request for the release of the American protégé, Allal Ben El-Mamoon, and his surrender to the American Consular authorities for appropriate proceedings in a Consular Court of the United States.

The proclamation of martial law by the French authorities of the Protectorate cannot, in the absence of an agreement to that effect with the Government of the United States, confer upon French military tribunals jurisdiction over American protégés, who, under the treaties in force and the existing usages, are liable to judicial proceedings only in the American Consular Courts, representing in Morocco not the dignity of His Shereefian Majesty but the sovereign authority of the United States. Relying upon the well-known respect of the French Government for the sanctity of treaties, my Government confidently expects that, upon consideration of the full account, herewith given, of the violation of American treaty rights, by the French authorities of the Protectorate, the French Government will hasten to correct the error of those authorities, and that, while directing the delivery of the American protégé, Allal Ben El-Mamoon, to the American consular authorities for appropriate proceedings in an American Consular Court, it will offer suitable amends to the victim of the ill-judged action of its subordinates.

My Government has provided me with copies of the correspondence exchanged between the French Resident General at Rabat and the American Agent and Consul General at Tangier, and, if Your Excellency should care to examine these copies, I shall be pleased to transmit them to you.

I am [etc.]

NORMAN H. DAVIS

381.8121 El 6/2

The Ambassador in France (Wallace) to the Secretary of State

No. 2127

PARIS, February 8, 1921.

[Received February 28.]

SIR: Referring to the Department's instruction No. 713 of January 8, 1921, concerning the case of the American Semsar, Allal Weld El

Hadj Boaza Ben El-Mamoon, I have the honor to enclose herewith copy and translation of a note dated February 5, 1921, from the Ministry for Foreign Affairs, in reply to the communication addressed by me under date of January 18, 1921 to Mr. Briand in accordance with the instruction referred to above.

I also have the honor to enclose, for the records, a copy of my note of January 18, 1921¹⁷ to the Minister for Foreign Affairs.

I have [etc.]

HUGH C. WALLACE

[Enclosure—Translation¹⁸]

The Secretary General of the French Ministry for Foreign Affairs (Berthelot) to the American Ambassador (Wallace)

MR. AMBASSADOR: By a note of January 18 last, Your Excellency was good enough to write to me in regard to the arrest of the American protégé, Allal Ould el Hadj Bouazza Ben El Mamoun, and his trial and condemnation by courtmartial at Rabat (Morocco). Confirming the representations of the American Diplomatic Agency at Tangier, the Department of State protests against an action which it considers a violation of the treaties and requests the immediate release of its protégé and his surrender to the American consular authorities in Morocco, inasmuch as the proclamation of martial law by the French authorities cannot, in the absence of the assent of the Government of the United States, confer upon French military tribunals jurisdiction over American protégés who, under the treaties in force and the existing usage, are liable to judicial proceedings only in the American consular courts.

I have the honor to submit to Your Excellency that it does not seem possible for me to adhere to this view. Indeed, one of the principles of the law of nations is that any army of occupation must provide for its own security, both by extending its jurisdiction over every person within the occupied territory and by the issuance through the general-in-chief of special orders and regulations which none may evade without risking prosecution by that jurisdiction. When capitulatory jurisdiction thus gives way to military jurisdiction in the event of occupation, the same must obtain in the event of proclamation of a state of siege, especially when, as in the case of Morocco, the military occupation under the treaty of protectorate (treaty of March 30, 1912, art. 2) is combined with a subsequent proclamation of martial law (order of the general of division commander in chief of the troops of occupation, of August 2, 1914).

¹⁷ Not printed.

¹⁸ File translation revised.

The absence of agreement on the part of the American Government cannot prevent the application of martial law. By recognizing the French protectorate in Morocco, the Federal Government has, in advance, acquiesced in all military measures necessary for the maintenance of order for which the Government of the Republic is responsible. Likewise, the French Government having recognized the protectorate of England in Egypt and the British Government having recognized the protectorate of France in Morocco, the two powers have mutually admitted, one in Egypt and the other in Morocco, that, as an effect of martial law, capitulatory justice is waived in favor of military jurisdictions. The law was thus established without any previous agreement in this respect between France and Great Britain, as the Federal Government would seem to believe.

I venture to believe that the preceding explanations will give full satisfaction to the Department of State and will convince it that Allal bel Hadj Bouazza, guilty of an offence against public order and peace in Morocco is, in accordance with the terms of the treaties and the law in force, liable to the French courtmartial at Rabat; the sovereign rights of the United States over their protégés in a country where they still enjoy capitulatory privileges are, however, in nowise affected thereby.

Kindly accept [etc.]

BERTHELOT

PARIS, February 5, 1921.

381.8121 EN 6/2

The Secretary of State to the Ambassador in France (Herrick)

No. 129

WASHINGTON, December 29, 1921.

SIR: With reference to your Embassy's despatch No. 2127 of February 8, 1921, enclosing a copy and translation of a note dated February 5, 1921, from the French Ministry of Foreign Affairs in reply to the Embassy's note to M. Briand under date of January 18, 1921, concerning the case of the American Semsar, Allal Weld El-Hadj Boaza Ben El-Mamoon, you are directed to address the Ministry substantially as follows:

I have the honor to advert to the note of the Ministry of Foreign Affairs dated February 5, 1921, in reply to the Embassy's note of January 18, 1921, communicating my Government's protest against the assumption by the French authorities in Morocco of jurisdiction over the American protégé, Allal Ben El-Mamoon, and its request that he be released from prison and surrendered to the American consular authorities in Morocco for appropriate proceedings in a consular court of the United States.

In declining to comply with my Government's request, the Ministry, in the note of February 5, referred to general principles of international law with respect to the consequences of military occupation and expressed the view that, even without the assent of the United States, the jurisdiction exercised by American Consuls in Morocco, by virtue of treaties and usages, yielded, so far as required in the interest of the security of the occupying forces, to the military jurisdiction established by the French authorities under the Treaty of March 30, 1912, between France and Morocco and under the proclamation of martial law by the Order issued on August 2, 1914, by the Commander in Chief of the troops of occupation. The Ministry also intimated that acquiescence in advance in all military measures necessary for the maintenance of order is regarded by the French Government as having been given by my Government through the recognition of the French Protectorate in Morocco, and in this connection, with reference to what was thought to be a misapprehension on the part of my Government, the Ministry stated that France and Great Britain, without any express agreement suspending the consular jurisdictions, had mutually acknowledged that, as an effect of the establishment of martial law in the Protectorates of Egypt and Morocco, the consular jurisdictions were displaced in favor of the military jurisdictions.

After the most careful consideration of the note of February 5, my Government has directed me to renew in the most emphatic manner the request that the American protégé now held in a French military prison in Morocco be surrendered to the American Consular authorities. I am instructed to make it clear to the Government of the Republic that the existing treaties and usages are regarded by my Government as conferring upon the United States a right to maintain in Morocco courts of justice separate from the local administration for the exclusive cognizance of alleged offenses by American citizens and protégés. My Government cannot admit that a right given to it before the establishment of the French protectorate can be modified in any way without its consent either by the treaty of the protectorate or by the action of French military forces pursuant to that treaty.

With respect to the Ministry's statement that the Commander in Chief of the forces occupying Morocco has under general rules of international law the right to exercise jurisdiction over all persons so far as may be necessary for the security of the occupying forces, I am instructed to point out that, apart from the question of any principles of international law applicable to a military occupation effected under the peculiar conditions prevailing in Morocco, there is the authority of the French Government itself to support the view that the military jurisdiction should be extended to foreigners only when the offenses with which they are charged threaten the safety of the army of occupation. This necessary limitation upon the military jurisdiction was recognized in a memorial presented by the agent of the French Government in the Casablanca Arbitration of 1909, which contained the following language:

"Occupation, far from entirely destroying the régime established by the capitulations in the occupied territory, affects territorial sovereignty, and as a consequence the fragments of such sovereignty gathered by the Christian States

in the form of capitulations, only in so far as the interests of the occupying powers imperatively require. Hence, whenever a dispute or contract brings as contestants only persons who are foreign to the corps of occupation, whenever the infringement that must be repressed does not in any way threaten the safety of the corps of occupation, foreign consuls and persons subject to their jurisdiction retain all their rights and prerogatives."¹⁹

The offenses with which the American protégé, Allal Ben El-Mamoon, was charged were clearly not of a nature to threaten the security of the French army of occupation in a region of Morocco so thoroughly pacified as that in which occurred the events that led to his arrest, and, from the Ministry's references to the effect of the proclamation of a state of siege and to the duty of the French authorities with respect to the maintenance of public order in Morocco, my Government is constrained to infer that the offenses charged were not seriously regarded by the French authorities as affecting the security of the occupying forces. The question at issue would thus appear to be whether the jurisdictional rights of the United States under its treaties with Morocco have been modified in such a way as to withdraw American citizens and protégés from the jurisdiction of the American consular courts in all cases of the disturbance of public order.

It seems obvious that such a modification of the rights of the United States as that just suggested could not be effected without the consent of my Government. Since it appears that the acquiescence of my Government in all military measures deemed necessary for the maintenance of order is regarded by the Government of the Republic as implied in the recognition of the French protectorate by the United States, it is necessary to consider the terms of that recognition.

On January 2, 1917, the Secretary of State in a communication to the French Ambassador at Washington said:²⁰

"I have, as a result of careful consideration, reached the conclusion that, owing to the pressure of business before the Senate of the United States, which would have to approve any treaty entered into between our countries, and in view of your expressed desire that my Government take prompt action relative to the Moroccan situation, possibly the best mode of procedure to be adopted would be to consider separately the question of the recognition of the Protectorate and the question of our capitulatory and other rights in Morocco, as has been done, I understand, by all the European Powers in respect to their relations to Morocco. In order to advance the matter with all possible expedition I am prepared to recognize in a formal note the French Protectorate in Morocco, If this proposal is agreeable to your Government and this step is accomplished, there would remain for further negotiation the question of our capitulatory and other rights in Morocco, which could be taken up in due time."

In accepting the proposal of the Secretary of State the Ambassador, in a note dated January 8, 1917, said:²¹

"As for the abrogation of capitulations, while we have no objection to the matter being separately considered, we earnestly desire as you know, that it be taken up at once so that we could sign the convention referred to in previous correspondence."

¹⁹ Translated from Gilbert Gidel, "L'Arbitrage de Casablanca", *Revue Générale de Droit International Public*, Tome xvii, 1910, p. 344.

²⁰ *Foreign Relations*, 1917, p. 1093.

²¹ *Ibid.*

On January 15, 1917, the Secretary of State wrote to the Ambassador as follows:²²

"Referring to my informal note of the 2d instant and Your Excellency's reply of the 8th instant in regard to the recognition of the French Protectorate in Morocco, I have the honor to inform you that the Government of the United States, taking into consideration the political relations of the Government of the French Republic to the Government of Morocco, has concluded to recognize, and hereby formally recognizes, the establishment of the French Protectorate over the French zone of the Shereefian Empire."

The note of January 15, 1917, was supplemented by a statement on October 20, 1917,²³ that the recognition of the French protectorate was subject to the special rights and privileges of Spain in Morocco.

From the foregoing statements, showing the terms of my Government's recognition of the French protectorate in Morocco, it is clear that the rights enjoyed by the United States under the capitulations were not relinquished. The recognition by the United States of the French protectorate did not, as was suggested in a note of the French Ambassador dated February 14, 1918, constitute an adhesion to the Franco-Moroccan Treaty of March 30, 1912, in pursuance of which the protectorate was established, nor did my Government, as suggested in the same communication, adhere to the Franco-German Agreement of February 4, 1911, which preceded the treaty of protectorate. On the contrary, my Government in a note of December 15, 1911,²⁴ informed the French Ambassador that its adhesion to the Franco-German Agreement "would involve a modification of our existing treaty rights with Morocco, which, under our Constitution, could only be done by and with the advice and consent of the United States Senate". The remark just quoted applies in principle with respect to the Franco-Moroccan treaty of protectorate. My Government has, since the recognition of the protectorate, as before, been at liberty to exercise its extraterritorial jurisdiction to the fullest extent conformable with its treaties with Morocco. It has in no way admitted that the responsibility which the French Government has assumed with respect to the maintenance of order in Morocco imports any diminution of the authority of the American courts established in pursuance of treaties with Morocco and exercised in conformity with the laws of the United States.

It is needless to add that my Government has no desire to interfere with the performance by the French Government of its proper undertakings in Morocco, but it cannot overlook contravention of American rights by the action of the French military authorities in Morocco in assuming jurisdiction over an American protégé charged with an offense that obviously did not threaten or in any way affect the security of the Army of Occupation. My Government is therefore obliged to insist that this American protégé be without further delay surrendered to the American consular authorities in Morocco for proceedings in accordance with the rights conferred upon the United States by treaties which are still in force.

I am [etc.]

CHARLES E. HUGHES

²² *Foreign Relations*, 1917, p. 1094.

²³ *Ibid.*, p. 1096.

²⁴ *Ibid.*, 1911, p. 623.

381.8121 El 6/8

*The Secretary of State to the Diplomatic Agent and Consul General
at Tangier (Blake)*

No. 206

WASHINGTON, January 24, 1922.

SIR: The Department has received your despatch No. 249, of October 19, 1921²⁵ in which you report that, acting in your judicial capacity, you have declined to render executory against the American protégé, Allal Weld El-Hadj Boazza Ben Mamoon, a judgment forwarded to you for execution by the French Resident General.

Inasmuch as it appears from your despatch and the enclosed copy of your communication to the Resident General, under date of October 15, 1921, that you have left it open to the Resident General to give equitable adjustment to the case, should he adhere to your conclusions, and have expressed your willingness, in the event that your conclusions are not endorsed by him, to submit all the evidence to the Department for decision as to the course to be followed, the Department prefers to refrain from making any comment at this time concerning the matter.

I am [etc.]

For the Secretary of State:

ALVEY A. ADEE

381.8121—El Mamoon, Allal Ben

The Secretary of State to the Ambassador in France (Herrick)

No. 304

WASHINGTON, May 26, 1922.

SIR: The Department acknowledges the receipt of your despatch No. 1656 of March 30, 1922,²⁵ in which, with reference to previous correspondence concerning Allal Ben El Mamoon, an American protégé serving a term of three years' imprisonment pursuant to the sentence of a French court martial in Morocco on May 20, 1920, you transmit a copy and translation of a note²⁵ from the French Foreign Office informing you that by a decree of March 18, 1922, the President of the French Republic granted to Allal Ben El Mamoon the remission of the sentence which remained to be served and that the Resident General of the Republic in Morocco was immediately advised of the President's decision and invited to release the prisoner.

You are instructed to express to the Minister of Foreign Affairs, orally, the gratification of this Government at the action of the

²⁵ Not printed.

President of the French Republic and to state that this Government would be pleased to be informed whether the French Government contemplates offering to the American protégé any amends for his long detention.

I am [etc.]

For the Secretary of State:

WILLIAM PHILLIPS

381.8121—El Mamoon, Allal Ben

The Ambassador in France (Herrick) to the Secretary of State

No. 2027

PARIS, June 21, 1922.

[Received July 5.]

SIR: In reply to your Instruction No. 304 of May 26th last, (File No. 381.8121 El 6/), I have the honor to report that the French Government does not contemplate making any amends to the American protégé, Allal Ben El Mamoon, for his long detention.

As I was informed that his sentence had been remitted out of friendship for our government, and did not imply any acquiescence in our point of view, I fear any effort to obtain an indemnity will involve us in an endless exchange of notes.

I have [etc.]

MYRON T. HERRICK

381.8121—El Mamoon

The Secretary of State to the Chargé in France (Whitehouse)

No. 457

WASHINGTON, October 17, 1922.

SIR: With reference to your Embassy's despatch No. 2027 of June 21, 1922, reporting that the French Government does not contemplate offering to the American protégé, Allal Ben El Mamoon, any amends for his long detention in a prison in Morocco, you are directed to address a note to the French Minister of Foreign Affairs in substance as follows:

I have the honor to bring to your attention again the case of Allal Ben El Mamoon, the American protégé who was imprisoned in Morocco pursuant to the sentence of a French court martial on May 20, 1920, and who was released in accordance with a decree of the President of the French Republic, under date of March 18, 1922.

My Government is deeply appreciative of the friendly spirit in which the French Government has considered the representations which have been made in behalf of Allal Ben El Mamoon, and, as I have already had occasion to inform you, it is gratified at the action taken by the President of the Republic. It has, however,

learned with regret that the French Government does not contemplate offering any amends to Allal Ben El Mamoon for his long detention. It has accordingly directed me to express to you its earnest hope that you will give further consideration to the communication in which I have had the honor to set forth its views concerning the violation of American treaty rights through the action of the authorities of the Protectorate with reference to this American protégé and that the French Government will see its way clear to offer suitable amends to him.

I am [etc.]

For the Secretary of State:

WILLIAM PHILLIPS

381.8121—Mamoon, Allal Ben El

The Ambassador in France (Herrick) to the Secretary of State

No. 2745

PARIS, December 26, 1922.

[Received January 10, 1923.]

SIR: In accordance with your Instruction No. 457 of October 17th last, (File No. 381.8121), a Note was sent to the Foreign Office on November 3rd relative to the indemnity of the American protégé, Allal Ben El Mamoon. I have the honor to enclose herewith a copy and translation of the reply from the Foreign Office dated December 23rd,²⁸ in which the French Government maintains its point of view that the original condemnation of Allal Ben El Mamoon was perfectly in order, that his pardon was granted by the President of the French Republic merely as an act of courtesy to our Government, and that the Moroccan Government, under these circumstances, could not possibly consider granting Allal Ben El Mamoon an indemnity.

I have [etc.]

For the Ambassador:

SHELDON WHITEHOUSE

Counselor of Embassy

²⁸ Not printed.

NICARAGUA

ASSISTANCE OF THE UNITED STATES LEGATION IN HALTING A REVOLUTIONARY OUTBREAK AT MANAGUA

817.00/2868 : Telegram

The Minister in Nicaragua (Ramer) to the Secretary of State

MANAGUA, May 21, 1922—11 p.m.

[Received May 22—11:50 a.m.]

31. About one hundred revolutionists representing dissatisfied faction of the conservative party under Generals Arsenio Cruz and Salvador Castrillo quietly seized Loma fortress about noon today. Castrillo was captured shortly after in attempt to effect similar seizure of the Nicaraguan portion of Campo de Marte. Loma party gradually augmented by gathering sympathizers to about two hundred.

Major Marston¹ warned Cruz that any firing upon the American camp or the city of Managua would result in immediate intervention of American forces to preserve order and protect American interests (situation makes it impossible to fire upon Managua without jeopardizing American life and property). Cruz replied that he had no intention of firing upon city or camp.

Legation repeating the warning of possible military intervention proposed and secured the agreement of both sides to a conference which was held in the Legation during the afternoon under the auspices of Major Marston, Mr. Muse² and myself. Representatives of President Chamorro, Adolfo Cardenas, Acting for Foreign Minister, and Fernando Solorzano; [of] General Cruz, Adan Canton and Ramon Molina. Following is abbreviated text of agreement signed.

Loma Fortress evacuated before ten o'clock this evening. All arms and ammunition to be left in fortress as found fortress surrendered to American marine officer who will see that terms of agreement regarding arms is carried out. General amnesty extended to all civilian participants and maximum punishment of 30 days detention to all military participants in revolution.

¹ Maj. John Marston, commanding officer of a detachment of U. S. Marines assigned to guard the Legation.

² Benjamin Muse, 3d secretary of the Legation.

Marston, Muse and I signed arrangement as witnesses. Seal of the Legation affixed.

Loma Fortress surrendered to Captain Gregory of Marine Corps at eight o'clock according to agreement and Government forces took over half an hour later.

Most of the American residents gathered in the marine camp during the afternoon as well as Nicaraguan officials with their families including President Chamorro and his Cabinet to all of whom protection was extended. Two insurgents and five regulars were wounded in desultory fighting before and during conference. No killed, no Americans or American property touched.

Admiral Cole with squadron due here on 25th for courtesy visit was telegraphed to proceed immediately to Corinto.

The Legation acted drastically in this crisis and I am eager to secure the Department's approval. As only hope of averting imminent bloody civil war I informed both parties that my Government would not permit this revolution in Nicaragua. In reply to repeated promise of the insurgents to respect the inviolability of Managua and of the American camp I indicated to them that they could not carry out their revolutionary plans without eventually involving this Government which would go to the limit in suppressing it and preserving order. I informed them of Admiral Cole's approaching visit and added that 10,000 additional Marines were within a few days call.

Populace still agitated but Government has situation well in hand. Despatch follows.³

RAMER

817.00/2868 : Telegram

The Secretary of State to the Minister in Nicaragua (Ramer)

WASHINGTON, May 23, 1922—6 p.m.

21. Your 31, May 21, 11 p.m.

Your action is approved and the Department desires to commend the prompt and capable manner in which you handled the situation.

HUGHES

817.00/2873½

Memorandum by the Secretary of State of a Conversation with the Nicaraguan Minister (Chamorro), May 25, 1922

The Minister called to express his appreciation of the action taken by the American Minister in Nicaragua in quelling the recent revo-

³ Not printed.

lution. The Minister thought that a very serious outbreak would have occurred had it not been for the prompt action of the American Minister. The Secretary said that this action had this Government's full approval.

817.00/2888 : Telegram

The Acting Secretary of State to the Minister in Nicaragua (Ramer)

WASHINGTON, August 26, 1922—2 p.m.

84. Your despatch No. 93 of August 4th.⁴

Except in an emergency which actually threatens the safety of the Legation or the lives of members of the Legation Guard, the Legation Guard should not intervene in any internal disturbances in Nicaragua without definite instructions from the Department. For its own protection it might be proper to prevent fighting in the quarter of the city where the Guard is stationed or where the Legation is situated, or to prevent firing by rebels from the Loma into the town. Any action of this nature, however, should be taken solely for the protection of the Legation and not for the purpose of intervening in local politics. The members of the government may of course be granted asylum in the Marine camp where necessary to protect their lives but they should under no circumstances be permitted to use the Marine camp as a basis from which to conduct the government or to direct operations against revolutionists. The Department of course leaves the handling of any sudden emergency to your discretion but it desires that you should not permit the Legation Guard to intervene by force in local political affairs except where such action is unavoidable in self protection.

PHILLIPS

AGREEMENT SIGNED BY THE PRESIDENTS OF NICARAGUA, HONDURAS, AND SALVADOR AUGUST 20, 1922, ON BOARD THE U. S. S. "TACOMA" IN FONSECA BAY

(See volume I, pp. 417 ff.)

BOUNDARY DISPUTE WITH HONDURAS

(See volume I, pp. 443 ff.)

⁴ Not printed.

PANAMA

PROPOSALS FOR THE NEGOTIATION OF A NEW TREATY BETWEEN THE UNITED STATES AND PANAMA

819.52/150

The Acting Secretary of State to the Minister in Panama (Price)

No. 775

WASHINGTON, January 7, 1921.

SIR: The Department acknowledges the receipt of your despatch Number 2852 dated December 14, 1920¹ and containing the report of your conference with the Acting Secretary of Foreign Affairs,² in the course of which he informed you that the Panaman Government intended to consider the matter of negotiating a new Treaty with our Government promptly after the appointment by the President of Panama of a Minister Plenipotentiary to Washington.

In view of the importance of this subject, the Department desires that you report minutely any information you may acquire relative to the modifications in the agreements now in force which the Panaman Government contemplates submitting at the time negotiations for a new Treaty may be entered into.

I am [etc.]

For the Acting Secretary of State:

ALVEY A. ADEE

811 f 244/50

*The Panaman Secretary of Government and Justice on Special
Mission (Alfaro) to the Secretary of State³*

[Translation⁴]

WASHINGTON, April 2, 1921.

EXCELLENCY: In compliance with instructions received from my Government for the discharge of the special mission with which I am entrusted, I have the honor to lay before the Department of State for its enlightened consideration, various matters to which I desire to call the special attention of the American Government, as

¹ Not printed.

² Ricardo J. Alfaro.

³ Left at the Department on April 4 by Señor Alfaro.

⁴ File translation revised.

their satisfactory settlement is of vital importance to the Republic of Panama. These have their origin in the special relations created by the project of the Canal and the treaty of November 18, 1903,⁵ concluded for the purpose of facilitating the construction of a canal to unite the Atlantic and Pacific oceans.

The circumstance that the said treaty was concluded 15 days after the proclamation of the separation of Panama, and the urgent necessity that it be signed without delay by the two countries, explains why such a document contains articles, some of which are vague, some too broad, some inconsistent, and which, applied as interpreted by the American authorities of the Isthmus, impart to that covenant a unilateral and oppressive character which it is impossible to admit was the mature thought or deliberate intent of the two signatory countries.

The application of several of these articles has given rise to constant controversies between the two countries because the Republic of Panama considers itself seriously menaced in its economic, commercial, civil and even international life by the manner in which the treaty is now applied and interpreted by the American authorities of the Isthmus. Panama, therefore, in opposing such interpretations is fighting for her very life. And, inasmuch as the United States not only cannot do us injury through the application of the treaty as Panama interprets it, but has on many occasions manifested its intention not to do us any injury or in any way hinder our development and prosperity, the Government of Panama considers that the time has come frankly to express its grounds of complaint and its wishes for the purpose of reaching with the United States an understanding that may once for all define the extent of the rights and obligations flowing from the treaty.

All these differences are briefly enumerated in this memorandum. They show that the treaty in its present form is open to more or less conflicting and absurd interpretations and allegations and the two countries ought to be earnestly interested in removing those causes of disagreement.

The Panaman Government proposes one of two measures:

1. The concluding of a new treaty amending or explaining that of November 18, 1903, and in which would be included all the clauses that facilitate the use and defense of the Canal that is now built.
2. The signing of a protocol in which by way of explanation, the juridical scope of each of the articles of the Canal treaty, about which there are divergent interpretations, shall be fixed.

Those questions are as follows:

⁵ For text of treaty, see *Foreign Relations*, 1904, p. 543.

I. CONCESSION OF MORE LAND FOR THE CANAL WORKS

One of the articles that has given rise to the greatest difficulties is that relative to the grant of lands and waters which Panama bound herself to make to the United States for the construction, maintenance, operation, sanitation and protection of the Canal, which grant is dealt with in article II of the treaty.

The authorities of the Panama Canal maintain the theory that they can take and occupy immediately any area of the territory of the Republic and place it under the jurisdiction of the United States without any more formality than a notice to the Panaman Government that they have taken that area as being necessary for the construction, maintenance, operation, sanitation or protection of the Canal. The most recent example of that doctrine is the taking of an area of land in Las Minas Bay, which caused a formal protest from the Government of Panama, presented in a note of the Legation dated the 24th of January of this year⁶ and is now under the consideration of the Department of State, according to Under Secretary Norman H. Davis' note of February 12, last.⁷

Panama cannot accept such an interpretation, since it would be tantamount to placing in the hands of foreign authorities the absolute power of destroying the existence of the State. That could be done by simply declaring that the whole Panaman territory from the boundaries of the present Canal Zone to the Colombia and Costa Rica borders, is necessary for the construction, maintenance, operation, sanitation and protection of the Canal, and the Republic of Panama would no longer exist. Such an interpretation is unacceptable and never could be intended by the contracting parties, because it cannot be conceived that a treaty should contemplate in one of its articles the possibility of the juridical death of a nation whose independence and sovereignty are guaranteed by the United States in another article, namely, the first of the same treaty.

II. NECESSITY OF DETERMINING WHAT LAND IS NEEDED FOR THE CANAL

But this is not all. There is also something else that is likewise essential to the life of the Republic, and that is the necessity of divesting article II of the indefinite and all embracing character with which some officials desire to clothe it. Article II of the treaty granted to the United States, as has been remarked above, the right to acquire certain lands in the Republic of Panama, in addition to

⁶ *Ibid.*, 1921, vol. II, p. 616.

⁷ *Ibid.*, p. 619.

those which formed the ten-mile strip described in the same article; but that was provided in case the grants which comprised the said strip proved insufficient for the work of construction, sanitation, and operation of the undertaking that was to be begun in 1904. From that year to date, the United States has received or taken without any compensation whatever to the Republic of Panama, the following additional areas outside the Canal Zone:

1. The land needed for the formation of Gatún Lake to the level of 87 feet above the level of the sea, the lake now covering 167 square miles;
2. The land needed to raise the same lake up to 100 feet above the level of the sea;
3. The former Chagres land commonly known as Fort Lorenzo;
4. The Paitilla land near the City of Panama measuring 50 hectares;
5. The Island of Largo Remo in Las Minas Bay measuring 220 hectares;
6. 14.95 hectares on the Island of Taboga;
7. 125 hectares in Las Minas Bay east of Colon.

The Canal work being completed and the tracts of land sought for that purpose having already been delivered, that concession is now terminated and complied with in fact. Yet some of the authorities of the Canal, who believe that they are dealing with an indefinite and permanent concession, do not seem to understand it so, an attitude which is not just and, furthermore, is inconsistent with the guarantee of independence as given in article I of the same treaty.

That interpretation is damaging to the interests of the Republic of Panama, because it places upon all, absolutely all, the lands and properties of the Republic the burden of sudden condemnation without previous indemnity. This checks and paralyzes the development of industry and agriculture, especially near the Canal, owing to the latent threat of condemnation which alarms capital and discourages enterprise.

III. LAND GRANTS FOR FORTIFICATIONS

The specific point of additional land grants is now particularly important as the two countries are discussing the occupation of part of a Panamanian island, that of Taboga, for the erection of permanent fortifications there. Panama regards as serving the vital interest of the two countries, the idea of giving to the Canal the greatest measure of protection and admits in principle the necessity of fortifying Taboga, but it maintains at the same time that article II of the treaty does not authorize the occupation of land on the continent or in islands for fortifications and other purposes through the mere declaration or one-sided action of the United States.

The Government of Panama declares its readiness to conclude a special convention relative to the fortifications and defenses of the Canal and to grant in return for equitable compensation, such land as may be needed for the purpose, unless the Government of the United States prefers to acknowledge that the question of fortifications is included in article XXV of the treaty, which specifically refers to the purpose of insuring the protection of the Canal and maintaining its neutrality.

IV. CONDEMNATION OF LAND FOR THE PANAMA CANAL

Article VI [VII] of the Canal treaty authorizes the United States to acquire through condemnation all the land and properties needed and suitable for the construction, maintenance, operation and protection of the Canal.

The Government of Panama insists that the clause in article VI of the treaty which provides that "the appraisal of said private lands and private property and the assessment of damages to them shall be based upon their value before the date of this convention" (1903), is to be applied with the understanding that the basis of a value is not the value itself, and that lands and properties acquired 17 years or later after the date of the treaty cannot be paid for by way of compensation at the price they commanded in 1903 without infringing on the most universally respected principles concerning property rights. The price or value of 1903 must be taken as a basis or starting point for the appraisement to be made.

The Attorney General of the United States, Mr. J. C. McReynolds, now Associate Justice of the Supreme Court of the United States, discussing article VI of the treaty of the Canal, in an opinion he handed down on October 13, 1913, said the following:

"That clause was agreed on in 1903 and undoubtedly refers to property which the United States intended immediately to occupy and as a matter of fact the properties needed for the immediate construction of the Canal were promptly occupied and the indemnities relative thereto were ordered paid by the first commissions.

"Now, ten years later, the Government has extended its occupancy to other lands and those additional lands recently occupied are those upon which the commission has rendered awards. It would surely be a very harsh and unjust interpretation to apply that clause in a way that would deny compensation for the improvements made in the ten years during which the government has not occupied the property for public utility purposes."

Again, the Honorable Robert Lansing, former Secretary of State, in a letter addressed to the American members of the Mixed Commission, on February 19, 1915, said:

"It is to be noted incidentally that the Department is of opinion that a fair basis for awards in claims presented to the Commission would be to pay damages for the value of the property, including the buildings, up to the date of the expropriation without, however, taking into account the increased value given to the property by the Construction of the Canal. As the Department understands the question, this would conform to the opinion of the Attorney General given to the Secretary of War on October 13, 1913."

The Government of Panama wishes that an understanding be reached on this point based on the foregoing opinions of the Attorney General and of the Department of State.

V. THE PANAMA RAILWAY COMPANY

The grants and condemnations of land have not been the only source of difficulties arising between the two countries on account of conflicting interpretations of the clauses of the treaty. Controversies that have never been satisfactorily settled have arisen over economic, commercial, and fiscal matters that are of paramount importance to Panama and which to the United States are really of very small consequence. The Panaman Government believes that those differences spring from the very character of the treaty which was concluded with a view to a canal to be built and which did not and could not foresee all the contingencies, necessities and problems of a canal already built and in operation.

The treaty, for example, authorized the United States to secure by purchase the Panama Railway as being an indispensable auxiliary element for the construction of the Canal, but the purchase was made, leaving in existence, through a legal fiction, the company that owned the railroad. Out of this there has arisen a dilemma of juridical conditions and situations which the treaty could not intend to cause or allow. When there is a question of Panama demanding of the railroad company compliance with the national law to which every company in the country is subject, then it is alleged that the railway is United States property; if anybody complains that the Government of the United States may not engage in certain pursuits, such as renting houses or engaging in certain transactions, or commercial or industrial business, then it is alleged that the business is conducted by the railway company.

The principal difficulties with the railway company are as follows:

A. *Lands in the city of Colon*

The lands of Manzanillo Island, on which stands the city of Colon, are the property of the Republic under a judgment of the Supreme Court of Colombia which recognized only the right of usufruct for a period of years as belonging to the Panama Railway

Company. Those lands were to return to Panama as soon as the Canal treaty was approved as provided in article VIII and the Panaman Government has claimed that right and insisted on a delivery of the lands.

The steps taken by Panama to obtain such restitution have thus far proved unavailing and it has even been unable to obtain from the railway company the payment to the Republic of Panama of the taxes which in our country are levied on city lots.

B. Water rates with regard to the railroad lots

Under article VII of the Canal treaty the United States has installed in the cities of Panama and Colon a complete service of water works, paving and sewerage, and it was agreed that the cost of those works would be reimbursed by the Republic of Panama out of the interest accruing to it within 50 years.

The cost of those works and the interest thereon could be paid out of the water rates within the stipulated term and even before; but the extraordinary expenses on account of investments made in the building of streets, sewers, and aqueducts in a large part of the city of Colon which the railroad company claims to own, have been charged to the Republic of Panama and consequently have increased considerably the cost of those public services to the injury of the Republic and for the exclusive benefit of the said company which is collecting large amounts in rent of lots that have been made part of the city, and, as above stated, refuses to pay taxes by alleging a right that does not belong to it. The question hinges on the decision of the principal claim concerning the ownership and transfer of the lots, already mentioned in the foregoing point.

C. Duties and taxes

Under article XVIII of the contract entered into in 1867 between the railroad company and the Republic of Colombia, the company is exempted from the payment of duties and taxes, whether national, municipal or any other kind, on the railroad, its warehouses, piers, machinery, and other works, things and effects of every nature whatsoever belonging to it and, in the judgment of the executive, needed for the service of the said railroad and its dependencies.

It is therefore beyond question that the Panama Railroad Company is bound to pay taxes and duties on any other pursuits or property, commercial or other, in which it has been engaged for sometime past, such, for instance, as rents, stables, city express, etc., that are not connected with the company's service as a common carrier, which is the only service proper to it.

If the doctrines upheld by the railroad company were admitted by the Republic of Panama, the concern might engage in all kinds of business in the country without paying duties or taxes into the national treasury, and that argument leads to an illogical conclusion.

D. Differences in rates to the detriment of the commerce of Panama

In dealing further with the circumstances which enable the Canal commissariats to sell cheaper than the trades people of Panama, I call attention to the minimum rates charged on their merchandise. Rates are those charged to the commissariats by the railroad company, and it does not seem fair that they are not also granted to our tradesmen, thereby enabling them to sell as cheaply as the commissariats and actually putting a stop to smuggling.

VI. COMMISSARIATS

A. Introduction of articles of luxury

These establishments import all kinds of articles of luxury contrary to the provisions of article XIII of the Canal treaty which confines those imports to what are necessary and convenient for their employees. That practice is injurious to the trade and government of the Republic, especially in regard to tobacco. The Government of Panama deems that imports of that kind should be stopped as being contrary to the letter and spirit of the Canal treaty, and that in that manner the commercial and fiscal interests of our Republic will be protected without injury to those of the United States.

B. Smuggling

The system adopted of late years to sell coupons for cash to the employees of the Canal and Panama Railroad, with which to make purchases in the commissariats is one of the things that have largely contributed to the enormous unlawful traffic carried on between those employees and private residents of the cities of Panama and Colon. In evidence of the extent of the harm done us by those establishments, I wish to state that the commissariats yearly import for a population of about 25,000 more merchandise than does the Republic of Panama that has 450,000, with the circumstance added that the imports of the commissariats have been increasing year after year although the population of the Zone has been decreasing since the work on the Canal was completed.

This system permits employees to purchase, without restriction of any kind, since no record is kept by the Canal authorities of the sales for cash of those coupons, and, furthermore, it permits those coupons or the merchandise purchased with them to be handed over to private persons, from whom the money for the purchase has been obtained, either as a favor for a friend or simply as a matter of business that pays well.

The commissariats sell more cheaply, not so much on account of the financial power of the Government of the United States to buy

in large quantities for cash, as because of the exemptions from customs duties, the facilities they enjoy, and the minimum rates that are charged to them. The prices for their articles are often lower than those that prevail in business institutions of the United States.

With respect to tobacco and chewing tobacco, the smuggling is such that the importation of chewing tobacco into the Republic of Panama has ceased, and that of the other kinds has decreased to an amazing degree.

The Army post-exchanges and commissariats, which also import tobacco, have had a notable part in making the situation worse because the soldiers purchase there large quantities of that staple with the intention of smuggling it into our country.

Lastly, the Canal authorities have instituted the practice of granting permits to persons who are neither employees of the Canal nor diplomatic officers, to purchase at the commissariats, although both the treaty and the Taft Agreement^a positively provide that merchandise can only be imported duty free for the Government of the United States and its employees.

In view of the evils above set forth, it is to be hoped that the Government of the United States, animated by a sentiment of justice towards the Republic of Panama, will order a discontinuance of the sale of coupons for cash and continue to enforce only the system of supplying coupons on pay-roll deduction as was done in the first years of the building of the Canal; and lastly that the right to purchase at commissariats be confined to employees of the Canal and members of the diplomatic corps exclusively.

C. Sales to vessels passing through the Canal

Under article XIII of the Canal treaty, the right given to the United States to import articles duty free into the Canal Zone is for the exclusive purpose of providing its employees with necessary and convenient articles and in no case for that of selling them to foreigners. And according to article [Section] I of the Executive order of December 3, 1904 (Taft Agreement) the United States may only import free of duty into the ports of Ancon and Cristobal, coal and oil to sell as fuel to the vessels passing through the Canal.

The commissariats which, as is plain, are not and cannot be concerns for business with the public, are now supplying vessels that pass through the Canal with all articles that they need and this is regarded by the Republic of Panama as an act which does not conform to the stipulations of either the Canal treaty or the Taft Agreement.

^a See *Foreign Relations*, 1904, p. 640, and 37 Stat. 580.

VII. FACILITIES FOR MARITIME TRANSPORTATION

Steamships from ports of the south Pacific discharge merchandise intended for Panama at the port of Cristobal on the Atlantic instead of that of Balboa, which is at the gates of the city of Panama, owing to a deficiency of facilities for loading and unloading. That merchandise has to pay extra freight for transportation from Cristobal to Panama by railway, thereby increasing the price of the articles.

The Government of the United States should offer facilities to the steamship companies of the south Pacific for loading and landing merchandise at the port of Balboa, and this is requested so as to avoid having a higher rate for the Pacific at Panama than at Colon.

VIII. FOREIGN COMPANIES ESTABLISHED IN THE CANAL ZONE

The Panama Canal has granted permission to various companies established in the city of Panama to move into the Canal Zone and has granted those companies and their employees the privilege of the commissariat as though they were employees of the American Government. Those companies have imported building material into the Canal Zone or purchased it from the Panama Canal without paying import duties to the Republic of Panama. These acts are contrary to the stipulations in article XIII of the Canal treaty and to the Taft Agreement, which, as noted above, expressly provided that everything introduced into the Canal Zone that is not for the service of the United States shall pay duty to Panama.

It is reasonable to suppose that hereafter, in view of what has taken place, other concerns established in our cities will try to secure the same benefit for themselves and the matter will have very serious consequences upon revenue, upon the owners, and upon the commerce of the Republic. Those companies and concerns ought also to pay to Panama the taxes that are levied upon them and those taxes cannot be collected on account of lack of cooperation from the Canal authorities.

IX. MANIFEST DUES

For some time past manifest dues on merchandise intended for the Republic of Panama coming from abroad, have been collected by consuls of the United States. That practice is contrary to the obvious spirit and intent of the Executive order issued by the Secretary of War of the United States on December 6, 1904, which forms part of the Taft Agreement, and the Government of Panama therefore believes that the practice ought to be stopped.

X. CEMETERY FOR THE CITY OF COLON

The city of Colon finds itself in a very peculiar situation. It is a city without any site of its own for the burial of the dead. The old cemetery in use since the days when the city was founded in 1851 or 1852 has been included within the Canal Zone and at present the authorities of that Zone charge a heavy rate for the burial of the dead. That situation, in the opinion of the Panaman Government, is indefensible, and the remedy would lie in turning over the present cemetery to the municipal authorities at Colon so that they may administer it and use it freely without charges of any kind, or that a plot of land wherein a new cemetery exclusively belonging to the city could be established and conveyed to the city.

Trusting that Your Excellency will see fit to give your benevolent and enlightened consideration to the foregoing matters in order that they may be satisfactorily adjusted, I have the honor to subscribe myself Your Excellency's very obedient and true servant.

R. J. ALFARO

711.192/22b

The Acting Secretary of State to President Harding

WASHINGTON, September 1, 1922.

THE PRESIDENT: In 1904 Mr. Taft, then Secretary of War, visited Panama in an effort to adjust certain difficulties which had arisen in connection with the execution of the Treaty of 1903 with that country. After discussions with the officials of the Panaman Government a temporary agreement was formulated to serve as a *modus operandi* during the period of the construction of the Canal. This agreement was embodied in Executive Orders issued by the Secretary of War on December 3, December 6 and December 30[28], 1904, January 10[7], 1905, and January 5, 1911. By the Panama Canal Act of August 24, 1912 (37 Stat. 560), these orders, together with all other orders and regulations promulgated in the Canal Zone by order of the President for the government and sanitation of the Canal Zone and construction of the Panama Canal, were ratified and confirmed as valid and binding until Congress should otherwise provide.

The Taft Agreement was intended as a temporary arrangement to cover the period of construction of the Canal. As such it has served its purpose, since the Canal has for some time been formally open to commerce. It no longer provides an adequate basis for the adjustment of questions arising out of the relations between the Canal Zone authorities and the Government of Panama, and it is

the opinion of this Department, and, I am informed, of the War Department also, that the Agreement should be replaced in the near future by a more permanent arrangement.

I have the honor, therefore, to recommend that Congress be requested to authorize the abrogation of the Executive Orders above mentioned, which comprise the so-called Taft Agreement. When this authorization is granted it will be possible to terminate the agreement with Panama and to proceed at once with the negotiation of a new treaty.

Respectfully submitted,

WILLIAM PHILLIPS

611.1981/76½

Memorandum by the Secretary of State of a Conversation with the Panaman Minister (Alfaro), October 5, 1922

The Minister said that he had called to refer to the proposal which the President had made to Congress in regard to the abrogation of the Taft Agreement. He referred to his understanding of the Taft Agreement and to the fact that the effective [*Executive?*] orders involved had been embodied in a statute and that he understood from the letter which Mr. Phillips had written to the President exactly what the purpose was. There was, however, a misunderstanding in Panama where it seemed to be thought that it was proposed that the United States should go ahead to abrogate the Taft Agreement and make new orders without any reference to the rights of Panama, or any effort to make an agreement with Panama.

The Secretary said that it was necessary to have Congressional action, because the Executive could not disturb the statute and that after the Legislature had acted in the abrogation of the enactment the Executive proposed to take the various questions up with Panama and negotiate a suitable agreement.

The Minister said he understood that clearly, and that it had been set forth in Mr. Phillips' letter to the President suggesting the course which the President had taken. The Minister showed this letter to the Secretary who said that it expressed definitely his views. This was what the Minister desired to ascertain and said he would cable his Government accordingly.

PERU

THE TACNA-ARICA QUESTION

(See volume I, pp. 447 ff.)

POLAND

ATTITUDE OF THE DEPARTMENT OF STATE TOWARD THE SALE OF POLISH LAND MORTGAGE BONDS IN THE UNITED STATES

860c.51/248

The Secretary of Commerce (Hoover) to the Secretary of State

WASHINGTON, June 16, 1922.

DEAR MR. SECRETARY: Please find enclosed memorandum on a transaction that is in progress. So far as I know the Irving National Bank has not asked the State Department for its views in this matter.

The Proposal in this memorandum, of course, deals outside of the limits of governmental action and we are faced with the old quandary as to whether we have a moral responsibility of protection to the American public.

Yours faithfully,

HERBERT HOOVER

[Enclosure]

*Memorandum by the Chief of the Eastern European Division,
Department of Commerce (Durand)*

JUNE 13, 1922.

SALE OF POLISH LAND MORTGAGE BONDS IN U. S.

The Polish Land Bank is a long established institution somewhat similar to the Federal Land Bank. It issues collateral bonds against mortgages, especially on the large Polish estates. Its credit is undoubtedly good and although the division of the large estates, which is likely to take place in the future, may complicate the credit situation somewhat, it is very probable that the bonds will be good.

This organization proposes to sell these bonds, expressed in terms of Polish marks, in the United States, thru the Irving National Bank, and the Union Bank of Co-operative Societies.

Unlike more or less fraudulent schemes for selling foreign bonds at far above the current rate of exchange, they propose to sell the bonds at the Polish price (now somewhat below par), converted to dollars at the current rate of exchange.

Nevertheless, the buyer runs the risk that when the bonds are paid for, the Polish currency will be worth less than at present. Although the Polish finances are improving, it is rather likely that the mark will gradually fall and if later on any re-valuation is made, it may very readily be at a lower basis than the present rate of exchange.

Under these circumstances, it is hardly in the interests of the American Poles, to whom it is proposed chiefly to sell these bonds, that they should be offered. There is, of course, no way of preventing their sale but it may be that a hint to the Irving National Bank that the Government does not approve the transaction might be effective. Also it might be possible for Commercial Attaché Smith to suggest verbally to the Polish Land Bank itself that we should prefer not to see these bonds offered. I should be glad to have your instructions in the matter.

E. D. DURAND

860c.51/248

The Secretary of State to the Secretary of Commerce (Hoover)

WASHINGTON, July 24, 1922.

MY DEAR MR. SECRETARY: I beg to acknowledge, with thanks, the receipt of your letter of June 16, 1922, with which you enclosed a copy of a memorandum concerning the sale of Polish Land Mortgage Bonds in the United States.

I have given careful consideration to the point raised in the second paragraph of your letter in regard to the course of action of this Government in matters such as this which are "outside of the limits of governmental action." I realize fully the difficulty to which you allude, of determining just what degree of responsibility rests upon this Government in connection with international financial operations in which Americans desire to participate.

Although it is not easy to define with precision the sphere of proper action by this Government in all such matters, in view of our international relations, it is apparent that it is a limited one.

Transactions such as those referred to in Mr. Durand's memorandum, unless they contain elements that might be considered to run counter to the so-called "blue sky" legislation of certain of our States, appear to be entirely lawful transactions in which American citizens are fully entitled to engage, and over which Congress has not provided control.

So far as foreign loans are concerned, the interest of this Department in being consulted arises primarily from its relation to the giving of diplomatic support in the event of future difficulties, and more broadly from the important bearing of these transactions upon the conduct of our foreign relations. For example, I am disposed to dis-

countenance loans to unrecognized governments, or loans sought by foreign governments for military purposes or for objects that appear to run counter to clearly defined policies of this Government. However, it is obvious that if this Department is to interpose objection in any given instance, such objection must have an adequate basis from the standpoint of its proper province. I feel that this Department would be going outside of its proper sphere of action if it should undertake to intervene in transactions such as the proposed importation of these Polish Land Mortgage Bonds, since such action could only be based upon considerations primarily of a business nature, such as matters of rates of exchange or the merits of an issue of bonds from the viewpoint of the investor. The public statement on "Flotation of foreign loans" issued by this Department on March 3, 1922,¹ explained that this Department "will not pass upon the merits of foreign loans as business propositions."

It is, of course, not difficult to formulate specific economic objections to various financial transactions. However, it is unnecessary to dwell upon the practical difficulties of undertaking to express such objections. If we express objection in one case, simply because of economic or business reasons bearing on the nature of the enterprise or the value of the security, we may soon be regarded as having no objection when we express none, or as having assumed a responsibility which is not placed upon the Department by law and which it would be impracticable for it to attempt to discharge. I am sure you will agree that, in view of the delicacy of these matters, we are not warranted in offering objection in any given instance unless it is absolutely clear that we are not undertaking to set up an authority that would not rest upon an adequate basis.

I am [etc.]

CHARLES E. HUGHES

¹ Vol. I, p. 557.

PORTUGAL

DISCOURTESY TO THE PORTUGUESE FLAG AT PROVIDENCE, R. I. AND EXPRESSIONS OF REGRET BY THE GOVERNOR OF THE STATE

858.015311/5

*Memorandum by the Secretary of State of a Conversation with the
Portuguese Minister (Alte), March 9, 1922*

The Minister brought two matters to the attention of the Secretary:

(1) That on February 22, Washington's birthday, the policeman at Providence, Rhode Island, had hauled down the Portuguese flag at the Vice Consulate's office. The policeman did not seem to understand that it was displayed in honor of Washington's birthday. Protests had been made by the Vice Consul and the Mayor had expressed his regret. There were, however, a very large number (100,000) Portuguese in Rhode Island, having their newspapers and who seemed to think that the indignity which, from an international standpoint, was a serious one, had not been sufficiently dealt with. It was suggested that the Governor might send his Military Secretary or representative to the Vice Consul with a statement of regret. The Minister said that he was being attacked for not defending the rights of Portugal and he desired to have everything done that was practicable.

(2) The other matter was the case of a Portuguese who was killed at Pawtucket, R. I. The Minister left a communication upon the subject and requested that the Department request that suitable inquiry be made by local officials. The Secretary said that he would give attention to both matters.

858.015311/—

The Secretary of State to the Governor of Rhode Island (San Souci)

WASHINGTON, March 11, 1922.

SIR: It has been brought to the attention of the Department that, on February 22 last, a police officer hauled down the Portuguese flag that was flying over the Vice-Consulate in Providence. I understand that representations in the matter were made by the Vice-Consul and that, through the Mayor of the City, an apology

was tendered to him, but that even though it has been explained that the action of the police officer was not intended as an insult but was due to a misunderstanding, the incident has caused much feeling among the Portuguese in this country and has been widely discussed in the Portuguese press.

Inasmuch as the matter has caused such widespread comment, and since any tampering with the National flag would almost certainly be considered in a very serious light by the Portuguese Government, I venture to suggest that it might be advisable for the State of Rhode Island to take some notice of the incident.

I have reason to believe that, if you should consider it appropriate to send your Aide to the Vice-Consulate to express the regret of the Government of the State, Portuguese sentiment would be satisfied and the incident might be considered closed.

I have [etc.]

CHARLES E. HUGHES

858.015311/1

The Secretary of State to the Portuguese Minister (Alte)

WASHINGTON, March 30, 1922.

MY DEAR MR. MINISTER: With reference to our conversation of two weeks ago with regard to the action of a police officer in the City of Providence in hauling down the Portuguese flag flying over the Vice Consulate on February 22, I am glad to say that I have heard from the Governor of Rhode Island in the matter.

The Governor of Rhode Island tells me that the action of the police officer, which was very unfortunate, was really due to his failure to understand that the Vice Consulate had a right to display the national flag on the Consulate. The Governor tells me further that he will send his Secretary, accompanied by his Military Aides, to call on the Portuguese Vice Consul to express sincere regret on behalf of the State of Rhode Island that the incident occurred.

With this understanding of the matter in mind, I hope that you will feel that the visit of the personal representatives of the Governor may bring the incident to a close.

I am [etc.]

CHARLES E. HUGHES

858.015311/2

The Portuguese Minister (Alte) to the Secretary of State

WASHINGTON, April 4, 1922.

MY DEAR MR. SECRETARY: I was very gratified to receive your letter of March 30, 1922, and I beg to thank you most cordially for

your kind intervention in the incident occasioned by the hauling down on February 22 of the Portuguese flag flying over the Vice Consulate at Providence, R. I.

I would esteem it a great favour if you would be good enough to convey to His Excellency the Governor of the State of Rhode Island the assurance that the Portuguese Government and I myself personally deeply appreciated the high sense of international courtesy that inspired his action in this matter.

I am [etc.]

ALTE

**OPPOSITION BY THE BRITISH GOVERNMENT TO THE GRANTING BY
PORTUGAL OF CONCESSIONS TO AMERICAN COMPANIES FOR
LANDING CABLES IN THE AZORES**

(See pages 359 ff.)

RUSSIA

FAILURE OF THE GENOA CONFERENCE TO ATTAIN A GENERAL UNDERSTANDING BETWEEN RUSSIA AND THE OTHER POWERS¹

550.E1/188: Telegram

The Ambassador in Italy (Child) to the Secretary of State

[Paraphrase]

GENOA, April 11, 1922—3 p.m.

[Received April 12—2:38 p.m.]

1. There were no high lights at the opening session of the Conference with the exception of Chicherin's² speech. This speech asserted too strongly what Soviet Russia could offer the world and demanded disarmament. It was considered so braggart that it gave the impression here that the Russians had come to Genoa more to carry on propaganda and to lay the basis for separate commercial agreements than with the thought of giving guarantees so that the Russian problem could be dealt with as a whole by the Conference. In reply to Russian suggestion of departing from the agenda, Barthou³ entered upon a provocative debate. This was in line with his whole conduct in all the preliminary and later conferences. It has led many to think that there will be an attempt to break up the proceedings or to render them futile. Lloyd George⁴ is reported as showing personal bitterness at the absence of America from the Conference, when he is not with persons associated with the United States. The reason given for this is that he desires support for an economic as against a political European program and that he is irritated at French independence and uncompromising attitude. There was a lengthy and dull speech by Wirth⁵ and from all the evidence it appears that Germany will show a completely supine attitude. Benes⁶ and the Japanese delegates Hayashi⁷ and Ishii⁸ are not optimistic. It may be that they believe that the Conference

¹ See also section entitled, "Decision of the United States not to participate in the Genoa Conference," vol. I, p. 384.

² George V. Chicherin, acting head of the Soviet delegation.

³ Louis Barthou, head of the French delegation.

⁴ David Lloyd George, head of the British delegation.

⁵ Joseph Wirth, German Chancellor, head of the German delegation.

⁶ Edward Beneš, principal Czechoslovak delegate.

⁷ Baron Gonsuke Hayashi, head of the Japanese delegation.

⁸ Viscount Kikujiro Ishii.

will finish with a sharp controversy that will be used by Lloyd George to show where the responsibility for the woes of Europe lies or that the Conference will become sidetracked on detailed academic discussions of economics, leaving untouched and unaffected the glaring fundamental troubles which no one has the courage to discuss as the real issues.

You may reach me at the Hotel Bristol, Genoa, with the . . . code. In using any other code address the Embassy at Rome.

CHILD

711.61/60: Telegram

The Ambassador in Italy (Child) to the Secretary of State

[Paraphrase]

GENOA, April 24, 1922—2 p.m.

[Received 2:33 p.m.]

11. I have been given information that quite possibly, in case certain nation or nations block any conference agreement with Soviet Russia, the difficulty will be overcome by other countries entering into similar but separate treaties with the Soviet Government outside of the Conference as Germany has done.⁹

I have informally told the Italian Minister of Foreign Affairs that should such a development come about I am confident that the same pains would be taken to protect American interests as would be done were the Conference to frame the agreements with Soviet Russia.

I will state for the Department's information and that of any American company having interests in Soviet Russia that the general policy which the Soviet representatives have expressed so far and have firmly adhered to is to refuse recognition to former concessions whether they be foreign or Russian, which are now claimed to come under the nationalization of property. As far as possible, however, they will recognize those who held former concessions as having a prior right to substantially the indefinite use of the property under a plan whereby the Soviets will receive a small percentage of the product or of profits.

Krassin¹⁰ has made the proposal that a parent trust shall cover the entire petroleum industry in Soviet Russia with a government monopoly but operating various fields of deposits, including those controlled by foreigners, by means of private subsidiaries.

CHILD

⁹ Treaty of Rapallo, signed Apr. 16, 1922.

¹⁰ Leonid Borisovich Krassin, Soviet Commissar for Foreign Trade and member of the Soviet delegation.

861.6363/52a : Telegram

The Secretary of State to the Ambassador in Italy (Child)

WASHINGTON, May 2, 1922—4 p. m.

Your 11, April 24, 2 P.M. *New York Times* despatch from Genoa dated May 1 states that Royal Dutch Shell has concluded arrangements with Soviet delegation for extensive concessions in Russia. Investigate discreetly and report.

HUGHES

550.E1/230 : Telegram

The Ambassador in Italy (Child) to the Secretary of State

[Paraphrase]

GENOA, May 2, 1922—5 p.m.

[Received May 2—4:03 p.m.]

19. The Allied note to the Soviet representatives which is now being drafted will provide for recognition only after an indefinite period of probation. The note will insist upon Russian pre-war debts and a pledge for the restoration of property or indemnification for it. According to reliable information, the Russians will delay and then refuse to accept. The report of a monopolistic concession for the sale of exports follows intimations which I have received from French and German sources here that negotiations of that nature are taking place. The values of such former concessions as the Nobel¹¹ would be infringed upon by a monopoly of export sales. I have not found it possible to secure information sufficient to create an alarm [*sic*], because of my inability to interrogate Russians and also because of having been informed from British sources that if there were any negotiations they were not Anglo-Persian and were private. I am now seeking to secure confirmation of my information that a contract was signed Sunday. I wish instructions. It is probable that inquiry of the Russians would only yield the same sort of misinformation as was given to Logan.¹² There is still reason to believe that Soviet Russia is reluctant to give offense to attitude of Americans.

CHILD

¹¹ Nobel Brothers Petroleum Production Company (Swedish).

¹² Col. James A. Logan, Jr., American unofficial assistant representative on the Reparation Commission.

861.6363/64

*Memorandum by the Economic Adviser of the Department of State
(Millsparugh)*

[WASHINGTON,] May 3, 1922.

Ambassador Child in his telegram No. 19 of May 2, 5 p.m. states that he desires instructions with regard to the monopoly of petroleum transportation and sales reported to have been given to the Royal Dutch-Shell in Russia. As I understand that Mr. Bedford¹³ will visit the Department to-morrow, I think that we shall be in a better position to draft instructions after we get his information and views. As of possible assistance to you in your conversation with Mr. Bedford, I am summing up the oil situation in Russia, particularly as affecting the interests of the Standard Oil Company of New Jersey.

In the latter part of July, 1920, the Standard Oil Company of New Jersey acquired from the Nobel family, Swedish subjects, an equal interest in their Russian oil holdings, i.e., in companies which own about one-third of the Russian production, about 40 per cent of the Russian refining business, and about 60 per cent of the distributing business. These properties are at present nationalized.

In the latter part of 1920, there were persistent reports that Krassin was negotiating with the Anglo-Persian Oil Company with a view to giving to that company concessions and possibly a monopoly in the Baku and Grosny districts. It was also reported that Krassin had approached the Royal Dutch. In the House of Commons on February 21, 1921, the Chancellor of the Exchequer said, with reference to these negotiations, "So far as is known, however, nothing has resulted from these negotiations, which, so far as they apply to lands already held by British interests, could not be countenanced by His Majesty's Government".

In April, 1921, Dr. John Bassett Moore stated at the Department that the Anglo-Persian Oil Company had received an offer from the Soviet authorities, by which the latter would enter into a contract to supply oil obtained from nationalized properties in the Grosny oil field. Dr. Moore stated that the Anglo-Persian had offered to take the Standard Oil Company into the deal on a fifty-fifty basis.

On January 20, 1922, Krassin indicated to Consul General Skinner¹⁴ that Russian oil territory could not be restored to the original owners but might be parcelled out among a small number of very large concessionnaires, preferably some American concerns, who might reimburse the original owners by distribution of shares or payments in cash.

¹³ Chairman of the Board of Directors of the Standard Oil Company of New Jersey.

¹⁴ Consul general at London.

During a call at the Department on January 31, 1922, Mr. Bedford referred to an offer which had been made to the Standard Oil by Krassin. A copy of Mr. Dearing's memorandum of his conversation with Mr. Bedford is attached.¹⁵

It appears from the information in the Department and from the most recent newspaper despatches that the Anglo-Persian Oil Company is not involved in the present concession, if one has been granted. It is also of interest to note that, according to Standard Oil information, the Royal Dutch-Shell approached Nobel prior to the Genoa Conference with the proposition that Nobel go with the Royal Dutch Shell people to the Conference for the purpose of insisting upon the return of all Russian properties to private owners regardless of nationality.

Mr. Bedford presumably will have more information than the Department, and, judging from the attitude which he has previously taken, he will probably endeavor to ascertain what the position of the Department would be (1) in case the Allies were to recognize the Soviet nationalization of properties or (2) in case the Royal Dutch-Shell were to receive a concession which would conflict with the Standard Oil-Nobel properties.

A[RTHUR] C. M[ILLSPAUGH]

861.6363/53 : Telegram

The Ambassador in Italy (Child) to the Secretary of State

[Paraphrase]

GENOA, May 3, 1922—6 p. m.

[Received 9:43 p. m.]

21. Your telegram of May 2, 4 p.m. unnumbered. The British and Krassin have denied oil story to press since report, but in any case I am confident that some negotiations were taking place. For obvious reasons the *exposé* gives satisfaction to the French. We might use the occasion to present either here or in London expressions of our faith that bargains with the Soviet Government which infringe upon or invalidate American rights will receive no aid nor countenance from the British Government, even when technically such bargains are not concluded by British officials.

The representatives here of Georgia, Armenia and Azerbaijan state that the region of Baku is full of agents of the Dutch-Shell. The representatives of these three states are furious because of the prospect that the field may be closed to American interests.

CHILD

¹⁵ Not printed.

861.6363/54 : Telegram

The Ambassador in Italy (Child) to the Secretary of State

[Paraphrase]

GENOA, May 4, 1922—9 a.m.

[Received May 4—5:57 a.m.]

22. Your telegram of May 2, 5 [4] p.m. I have a categorical denial from Worthington-Evans¹⁶ that the supposed Krassin, Boyle, Dutch-Shell agreement has been signed. Evans states that the information would have been given to his delegation if it were true. In answer to an inquirer the Russian delegation has replied that while negotiations have been taking place a conclusion has not been reached.

CHILD

550.E1/230 : Telegram

The Secretary of State to the Ambassador in Italy (Child)

WASHINGTON, May 4, 1922—10 a.m.

Department has no objection to your making discreet inquiries in this matter from all sources which might be able to give information.

If it should be necessary to approach the Russians directly, it would be preferable to do so through a reliable agent. If a member of the Russian Delegation should desire to see you, you may receive him personally and informally and report whatever he might have to say. Department relies upon your discretion and desires that every effort be made to avoid publicity.

HUGHES

861.6363/54 : Telegram

The Secretary of State to the Ambassador in Italy (Child)

WASHINGTON, May 4, 1922—7 p.m.

Your 21, May 3, 6 P.M., 22, May 4, 9 A.M. Please endeavor to ascertain the precise terms of the reported oil agreement between Soviet representatives and Royal Dutch Shell and its effect on rights now held by an American company in production, transportation, marketing, and exportation.

In informal conversations with British representatives, endeavor orally, discreetly and in the most friendly way to obtain information on above points and attitude of British Government toward (1) Royal Dutch Shell negotiations, as reported in the press; (2) any proposal for giving one company or group a monopoly of any

¹⁶ Sir Laming Worthington-Evans, member of the British delegation.

branch of Russian oil industry and (3) any other plan which might prevent full exercise of rights now held by American interests.

You are confidentially informed that in recent conversations on other aspects of the oil question the British Government has expressed its desire for a frank interchange of information and views and for friendly cooperation between American and British interests.

You may accordingly in your discretion make it entirely clear to the representatives of the British Government that this Government has complete confidence that the British Government will not aid or countenance any arrangement by British nationals or the nationals of any other country with the Soviet representatives that would jeopardize or prejudice the vested rights of American citizens in Russia. Large American interests are involved in all branches of the oil industry in Russia.

You are free to make similar statements to the representatives of other governments, and, in your discretion, you may also see that word reaches Soviet representatives that this Government will not countenance any arrangements to the prejudice of American interests in Russia.

Keep Department informed in detail.

HUGHES

50. E1 Minutes/12

The Ambassador in Italy (Child) to the Secretary of State

No. 20

GENOA, May 4, 1922.

[Received May 22.]

SIR: I have the honor to transmit herewith the Minutes of the Fourth Sitting, held on April 28, 1922, of the Third Commission (Economics) of the Genoa International Economic Conference as well as the Minutes of the Second Sitting of the organizing Sub-Commission of the Fourth Commission.¹⁷ The English text of the Note directed on May 2nd to the Russian Delegation by the Allied and Associated Powers is also enclosed herewith together with a press bulletin containing the Italian text. The French and Belgian Delegations are not signatories to this document. Reports state that the Belgian Delegation has received instructions from its Government to abstain from signing because Belgian public opinion would not approve its tenor. As far as can be ascertained, the objections made by the Belgian Delegation refer to the fourth paragraph (English text) of Article 7 which the Delegation considers unsatisfactory owing to lack of precision in the terms which prohibit the

¹⁷ Minutes not printed.

Russian Government from transferring to third parties property formerly owned by foreigners in case such properties cannot be returned to their former owners. The French Delegation was reported to await authorization from its Government to sign, but the news circulated to-day states that the French Delegation has received instructions this morning from its Government to support the Belgian viewpoint. Rumors are also current that the Little Entente powers might decide to adopt the Belgian stand at the last moment and notwithstanding the fact that they had previously adhered to the terms of the Note.

RICHARD WASHBURN CHILD

[Enclosure]

The Delegations of Italy, France, Great Britain, Japan, Poland, Rumania, Switzerland, and Sweden at the Genoa Conference to the Delegation of Soviet Russia

The problem of the restoration of Russia, with a view to the re-establishment of peace over the whole of the Continent of Europe, has been considered in the most serious and sympathetic manner. There is a general and sincere desire that friendly relations should be restored among all the nations and that the Russian people may take its historic place among the European Powers.

Russia in the past has been an important element in the economic system of Europe. But today her exhaustion is complete after the events which have drained her resources for the last eight years, and her elimination from the European economic system has added to the troubles from which the world is suffering.

Every year the world deficiency in food and raw material due to the failure of Russian supplies is being made up from other sources.

In due course, the gap would be filled so far as the rest of Europe is concerned, for trade, like water, finds new channels when the older channels are blocked. But in Russia itself, privation, misery and famine would continue to spread and thus constitute a plague spot of increasing menace to the European system. Such a fate for Russia and for Europe the Powers are deeply anxious to avert.

The reconstitution of Russia must take place above all in the interests of Russia herself. But Russian prosperity cannot be revived without the assistance of the capital and the commercial experience of the west. As soon as the feeling of security has been revived in Russia, that is to say, when the nationals of foreign countries have guarantees that they can resume their former indus-

trial or commercial and agricultural undertakings, and start new ones, with the certainty that their property and their rights will be respected and the fruits of their enterprise secured them, they will hasten to afford Russia the benefit of their technical knowledge, their work and their capital.

Russia is a country of great possibilities. Economic disaster has paralysed but has not destroyed her resources. If Russia and the Russian people are to recover, the resources of Russia must be developed. Her agriculture, which is fundamental to her economic system, must be restored; her mines must be re-opened; and her factories must be set to work again. The other nations of the world played a great part in the development of Russia. They will play that part again as soon as Russia establishes conditions which command their confidence.

The needs of Russia are so manifold that they can only be met by once more throwing open the Russian market to foreign manufacturers and traders. Today Russia is urgently in need, not only of food and clothing, medical supplies and other necessities of normal existence, but also of locomotives, wagons, agricultural implements, tools, machinery and port appliances. If these goods are not supplied to Russia, her transport system will fall to pieces, her industries will rapidly become derelict, and the yield from the land will steadily fall.

All these supplies can be furnished by the industrial countries. As soon as security in Russia has been re-established for former owners and debts are recognized, the importation of these necessities will recommence. Capital will flow into Russia the moment confidence begins to revive. And at the same time foreign enterprise and experience will be available for the reconstruction of the country.

There is not a country which is unable to render an effective contribution to the work of reconstructing Russia; some by financial help, others by the rapid resumption of the manufactures or public utility undertakings which they owned there; and still others, by the skilled workers which they will be able to send there. All the countries represented at Genoa have indicated their willingness to co-operate in this work, each according to its capacity.

Their Governments also are ready to hasten this restoration. It will be necessary to overcome the hesitation on the part of business men, who will fear the loss of capital which they might sink in a country thus deprived for the time being of the normal means of production. As soon, however, as the first pioneers have succeeded in their enterprise, others will follow in their footsteps. The object and the justification of Government assistance will be to make these first attempts succeed.

Measures have already been taken in several countries for this purpose, and Russia will be able to obtain the benefit of these measures as soon as it is possible to conclude with Russia an arrangement in conformity with the clauses which follow.

Several countries of Europe have decided to establish an international corporation with an initial capital of £20,000,000. Its aim is to finance reconstruction and development undertakings in Europe which without assistance would have difficulty in procuring the necessary funds. This sum may seem small in comparison with the magnitude of the work to be done. But it only includes the capital subscribed through the national companies formed in the leading countries. Behind it stand the resources of all these countries, resources which are available for financing operations approved by the international corporation.

In addition to this, certain countries are in a position to advance immediately substantial sums to those of their nationals who will trade with Russia or settle there for that purpose. To these facilities must be added the private credits which manufacturers who have the assurance that their undertakings can be successfully resumed in Russia will not fail to receive from the national banks.

The British Government can guarantee under the Trade Facilities Act the capital or interest required for capital undertakings, overseas as well as at home, to develop economic reconstruction in Europe. If the Soviet Government is prepared to take the steps needed to encourage enterprise, then this Act can be applied to Russia. The sum authorised by this Act was £25,000,000. If necessary, Parliament will be invited to increase the amount to be made available.

In addition to the facilities offered by this Act, there is an Export Credits Scheme for financing the export of British goods. Under this scheme, the British Government is authorised to guarantee transactions up to £26,000,000. Of this £26,000,000, £11,000,000 has been pledged. The British Government will be prepared to invite Parliament to extend the duration of the Act in question.

France, by reason of the effort which she is obliged to make in order to restore her own devastated regions, cannot at this moment afford direct financial assistance for the reconstruction of Russia. Nevertheless the French Government accepted at Cannes the principle of taking a part in the International Corporation equal to the English part.

France can send to Russia seeds of all sorts. Negotiations have already taken place with the Soviets on this subject. Detailed plans have been prepared for the despatch and use of tractors. Several thousands of these tractors could be sent with the necessary technical

personnel. Machines and technical personnel can be sent in order to establish veterinary stations and institutions for agricultural study.

With regard to transport, France can offer rolling stock of approximately twelve hundred locomotives, twenty-five thousand goods wagons, three thousand five hundred railway carriages and vans. It would be possible to form a special company for undertaking repairs, and repair shops could be let to the company which would supply the technical personnel.

Finally, French industrialists, who in great numbers have contributed to the wealth of many parts of Russia, would be able to restart their establishments as soon as they received the necessary guarantees. These industrialists would undoubtedly find in France or abroad, thanks to the confidence which they inspire, the necessary capital and the technical staffs which will be needed.

Italy, by subscribing 20 per cent. of the capital of the International Corporation, purposes to render substantial financial help as regards both the immediate aims of this organisation and its future development. She is also ready to support every undertaking which is set up in order to re-establish transport by rail or water, and to foster the marketing of Russian produce. She is also ready to contribute through her agricultural organisations and by her experience to the restoration of agriculture and to participate in co-operation with Russia in the industrial and agricultural re-equipment of the country.

Offers of help are also held out by Japan. The Japanese Government, with a view to encouraging trade with Russia, have granted a credit of eight million yen to the Russo-Japanese Trading Company. The Japanese Government has also the intention of taking further measures, if it deems it necessary, with the object of furthering trade relations between the two countries.

Time is an indispensable factor in the reconstruction of Russia, but the important thing is to make a start. As soon as the first impulse has been given, as soon as the first pioneers have been able to settle in Russia, and to make known the fact that they have been successful, and have demonstrated to themselves and their compatriots that the way which had been closed for so long is open and safe, others will follow and their number will be all the greater because the road has been barred so long.

In these circumstances, the following conditions, dealing with the more important questions requiring adjustment, are submitted to the Russian Delegation by the Delegations of Italy, France, Great Britain, Japan, Poland, Roumania, Switzerland and Sweden, represented on the Sub-Committee of the First Commission. The final approval, however, of the French Delegation is reserved until it receives its instructions from its Government.

CLAUSE I

In accordance with the terms of the Cannes Resolution¹⁸ that all nations should undertake to refrain from propaganda subversive of order and of the established political system in other countries than their own, the Russian Soviet Government will not interfere in any way in the internal affairs and will refrain from any action which might disturb the territorial and political *status quo* in other States. It will also suppress all attempts in its territory to assist revolutionary movements in other States.

The Russian Soviet Government will use all its influence to assist the restoration of peace in Asia Minor and will adopt an attitude of strict neutrality between the belligerent parties.

CLAUSE II

(1) In conformity with the Cannes Resolution, the Russian Soviet Government recognises all public debts and obligations, which have been contracted or guaranteed by the Imperial Russian Government or the Russian Provisional Government or by the Soviet Government itself towards foreign Powers.

Being desirous of facilitating the immediate reconstruction of Russia and the rehabilitation of her credit, the creditor Powers are willing to make no claim upon Russia at present, either as to capital or interest, for the repayment of the advances made to the Russian Governments during the war.

(2) The Allies can admit no liability for the claims against them set up by the Russian Soviet Government for loss and damage suffered during the revolution in Russia since the war.

(3) When an arrangement is concluded between the Allied and Associated Powers for the liquidation or rearrangement of war debts, the Allied Governments concerned will submit to their Parliaments measures for reducing or modifying the amount due by the Russian Soviet Government on similar lines and with due regard to the economic and financial condition of Russia; but these measures will be conditional on the renunciation by Russia of the claims mentioned in paragraph 2.

(4) Where responsibility for liabilities contracted by the Russian Soviet Government or its predecessors towards foreign nationals has been assumed by a foreign Government, the liabilities will be treated on the same footing as private debts in accordance with Clause IV.

(5) The provisions of this clause will not apply to balances standing to the credit of a former Russian Government in any bank situ-

¹⁸ Quoted in telegram from the unofficial observer at Cannes, dated Jan. 6, 1922, vol. I, p. 384.

ated in a country of which the Government made advances to a former Russian Government or assumed responsibility for any Russian Government loan floated in that country between August 1, 1914, and November 7, 1917. Such balances shall, without prejudice to the rights of third parties, be transferred to the Government concerned. The liability of the Russian Soviet Government in respect of war debts shall be *pro tanto* reduced.

CLAUSE III

All financial claims by other Governments upon the Russian Soviet Government, and by the Russian Soviet Government upon other Governments, excepting those dealt with in these clauses shall, subject to any special arrangement which may be made, remain in suspense until the agreement referred to in Clause II, paragraph 3 has been concluded. The claims shall then be extinguished.

Nevertheless, this claim [*clause*] shall not apply to claims on behalf of the nationals of other Powers on account of the action in Russia of the Russian Soviet Government, or to claims on behalf of Russian nationals on account of the action in other countries of the Governments of those countries.

CLAUSE IV

In conformity with the general principle admitted by all Governments, the Russian Soviet Government recognises its obligation to fulfil the financial engagements which it or its predecessors, that is to say, the Imperial Russian Government or the Provisional Russian Government, have contracted *vis-à-vis* foreign nationals.

CLAUSE V

The Russian Soviet Government undertakes to recognise or to cause to be recognised the financial engagements of all authorities in Russia, provincial or local, as well as all public utility enterprises in Russia contracted before this date *vis-à-vis* the nationals of other Powers, unless at the time when the engagement was contracted the territory in which the authority or enterprise was situated was not under the control of the Russian Soviet Government or of the Russian Provisional Government, or of the Russian Imperial Government.

CLAUSE VI

The Russian Soviet Government agrees to conclude an arrangement within twelve months of the coming into force of this Clause with the representatives of foreign holders of bonds and bills issued

or guaranteed by the Russian Soviet Government or its predecessors, for ensuring the re-starting of the service of the loans and the payment of the bills. This arrangement will cover terms and dates of payment, including remission of interest, so that adequate account may be taken both of the actual conditions in Russia and of the necessity for her reconstruction.

The said arrangement shall apply as far as possible to all foreign holders without distinction of nationality.

In case a collective agreement cannot be reached, the benefit of an arrangement concluded with any particular group may be claimed by all other foreign holders.

If no such arrangement as is referred to in paragraph 1 can be concluded, the Russian Soviet Government agrees to accept the decision of an Arbitration Commission. This Commission shall consist of a member appointed by the Russian Soviet Government, a member appointed by the foreign holders, two members and a President appointed by the President of the Supreme Court of the United States, or failing him by the Council of the League of Nations or the President of the Permanent Court of International Justice at the Hague. This Commission shall decide all questions as to the remission of interest and as to the mode of payment of capital and interest and will take into account in so doing the economic and financial condition of Russia.

The procedure laid down in this clause as to Russian Government bonds and bills shall also be applied in the case of the financial obligations referred to in Clause V.

CLAUSE VII

In order to encourage the re-starting of foreign economic activity in Russia and to permit foreign States to furnish to Russia the aid indicated above in the introduction and thereby to facilitate the restoration of the country, the Russian Soviet Government accepts the following arrangement with respect to private property.

Without prejudice to its freedom, as recognised in the Cannes Resolution, to regulate its system of ownership, internal economy and Government, and to choose for itself the system which it prefers in this respect, the Russian Soviet Government recognises its obligation, in accordance with the said Resolution, to restore or compensate all foreign interests for loss or damage caused to them when property has been confiscated or withheld.

In cases in which the previous owner is not enabled to resume possession of his former rights, the Russian Soviet Government will make an offer of compensation. If no agreement is come to between the previous owner and the Russian Soviet Government as to the

nature and amount of the compensation, the previous owner shall be entitled to submit to the Mixed Arbitral Tribunal referred to hereafter the question whether the compensation offered by the Russian Soviet Government is just and adequate.

If the Mixed Arbitral Tribunal decides that the compensation is just and adequate, it must be accepted by the previous owner; but if the Tribunal decides that the compensation is not just and adequate, and the Russian Soviet Government and the previous owner are still unable to reach an agreement as to the compensation, the previous owner shall receive from the Russian Soviet Government a grant of the enjoyment of the property on terms not less favourable in all matters relating to its use and disposition than the rights he previously possessed; provided however that where the Mixed Arbitral Tribunal decides that the grant of the enjoyment of the property is impracticable and that compensation must be given, the amount if not agreed shall be fixed by the Mixed Arbitral Tribunal and shall be payable in bonds. In cases in which the Russian Soviet Government cannot give back the property it shall not be entitled to hand it over hereafter to other parties. If the Russian Soviet Government proposed at a later date to hand it over as above, a preference shall be given to the previous owner.

If the exploitation of the property can only be ensured by its merger in a larger group, the preceding provision shall not apply, but the previous owner shall be entitled to participate in the group in proportion to his former rights.

The term "previous owner" shall include Russian financial, industrial and commercial companies, which at the date of nationalisation were controlled by nationals of other Powers, or in which at the same date such nationals possessed a substantial interest (either as shareholders or bondholders), if the majority of the foreign interests so desire. It shall also include a foreigner entitled to the beneficial use of property in Russia which was vested in a Russian nominee.

In cases in which a claim is not put forward in virtue of the preceding paragraph, a claim for compensation in conformity with this clause may be put forward by any foreign national interested in a Russian company in respect of injury or loss suffered by the company.

In the settlement of claims and in awards of compensation in respect of private property, provision shall be made for the protection of claims which third parties possessed against the property.

In cases where damage has been done to the property in consequence of the action or negligence of the Russian Soviet Government, compensation in accordance with the principles of international law shall be assessed by the Mixed Arbitral Tribunal.

CLAUSE VIII

Provision shall be made by the Russian Soviet Government for enabling foreign nationals to enforce their claims against private persons in Russia.

If the payment of the sums due has been rendered impossible by the action or negligence of the Russian Soviet Government, the liability must be assumed by that Government.

CLAUSE IX

Pecuniary compensation awarded under Clause VII will be paid by the issue of new Russian 5 per cent. bonds for the amount fixed by the Mixed Arbitral Tribunal.

The terms as to the payment of interest on these new bonds, and the terms as to their amortisation, shall be similar *mutatis mutandis* to those for old bonds as fixed by the Arbitral Commission referred to in Clause VI.

CLAUSE X

Mixed Arbitral Tribunals shall be appointed for each country to decide questions as to the compensation to be paid under these clauses. These Tribunals shall consist in respect of each country of one member appointed by the Russian Soviet Government, one member appointed by the Government of the national concerned, and a President appointed by the President of the Arbitral Commission referred to in Clause VI.

CLAUSE XI

The re-starting in the shortest possible time of enterprises of all kinds which belonged to foreigners before the events of 1917, and the establishment of new enterprises being of the greatest importance for the rapid reconstruction of Russia, the Russian Soviet Government undertakes to take all necessary measures for ensuring forthwith the protection of the person, the property and the labour of foreigners.

For this purpose the administration of justice in Russia shall be provided for as set out in Article 8 of the Recommendations of the Experts in London, and foreigners shall be allowed to reside and trade in Russia in accordance with the provisions of Article[s] 9-17 of the said Recommendations.¹⁹

¹⁹ See Great Britain, Cmd. 1667 (1922): *Papers Relating to International Economic Conference, Genoa, April-May, 1922*, p. 36.

CLAUSE XII

Special arrangements will be made in agreement with the Russian Soviet Government for the settlement of questions relating to the liquidation of pre-war contracts between Russian nationals and foreigners, and questions relating to prescriptions, limitations and foreclosures.

CLAUSE XIII

The Russian Soviet Government will restore to the Roumanian Government the valuables deposited at Moscow by the said Roumanian Government.

GENOA, *May 2nd, 1922.*

861.6363/63

The Chairman of the Board of Directors of the Standard Oil Company of New Jersey (Bedford) to the Secretary of State

NEW YORK, *May 5, 1922.*

[Received May 6.]

MY DEAR MR. SECRETARY: Referring to my conference with you yesterday regarding the matter of our interests in Russia, you will recall the statement cabled to us by Mr. Mowinckel, the head of our Italian Company located at Genoa, to the effect that he has good reasons to believe that the British Government officials have knowledge of and approve the negotiations in the interest of the Royal Dutch Company at Genoa with the Russian Soviet representatives regarding oil lands and Mr. Mowinckel's recommendation that the United States Government should protest against the consummation of such agreement.

As reported in the press, this agreement contemplates a monopoly of the sale of all Russian oil by a syndicate in which the Soviets and the Shell Group are equal partners. While the effect of such an agreement does not, in terms, assume to dispose of the titles to oil lands, yet the result would be to take from us the right which we now have under our arrangement with the Nobel Group to purchase and export oil from the Nobel properties, in which we are equally interested with the Nobels.

With regard to the return to foreign owners of their property in Russia, the memorandum handed to the Soviet on the 3rd instant with the assent of the British Government does not contemplate a complete restoration of ownership and use of such property to the former owners. Under the proposed scheme, oil lands could be appropriated and under a zoning or grouping system could be

allotted for operation to other interests than those who developed or operated them under the former Russian regime. Even assuming that any preference in such allotment would be given to former owners, this method would be unacceptable because the owner would naturally want his own property back and would not desire the properties of anyone else which might be as good, better, or very likely worse, than the properties which the former owner and his associates have picked out and developed. Furthermore, a recognition by foreign governments of such treatment of private property in any one country would be a dangerous precedent with regard to the treatment of foreign-owned property in some other countries.

With the opposition which Belgium, supported by France, has interposed to this scheme, a protest by the United States Government at this time, made through Ambassador Child at Genoa, and also possibly through the American Ambassador at London, would have perhaps a determining effect in preventing the virtual confiscation of private property. It is not, in our judgment, any answer to say that compensation made in Russian bonds for property thus appropriated would alter the fact of confiscation.

Speaking generally, we feel that there should be no attempt at the Genoa Conference, or through private agreement among the various nations, to exploit the resources of Russia, but that it should be understood a fair and equal economic opportunity should be observed by all concerned.

We think that this is the psychological time for the United States Government to express its views in reference to this matter, first because the opinion of the United States carries more weight than that of any other government, and second, because of the publicity already given to the matter, this country has in a sense been put on notice of apparently what is going on and if it registers no objection or expresses no opinion it would be very difficult to press an objection at a later day after the consummation of any agreement.

As illustrating the above point, we might mention the San Remo agreement regarding Mesopotamia, and the recent reported Italian agreement with the Turks. These are considered as accomplished facts and there seems no power in existence which can upset them or that can abrogate them.

In this connection it is particularly to be noted that the press dispatches from Genoa during the last few days have referred to the fact that Ambassador Child has denied that he has filed any protest against the proposed scheme or treatment of private property in Russia.

We, therefore, earnestly request that the United States Government should extend whatever assistance you may deem advisable in

the protection of American interests in Russia. It is our conviction, also, that a protest as above indicated would be the most effective means for extending this aid.

If it should not be deemed advisable in your judgment that there were sufficient grounds or evidence to make a formal protest, still the time seems to be very opportune to give the Governments concerned an expression of the views of the United States Government in regard to this matter through its Ambassador,—an expression which might prevent consummation of these contemplated agreements.

I am [etc.]

A. C. BEDFORD

550.B1/247 : Telegram

The Ambassador in Italy (Child) to the Secretary of State

[Paraphrase]

GENOA, May 6, 1922—4 p.m.

[Received May 6—2:10 p.m.]

31. Your unnumbered telegram of May 4, 7 p.m. Krassin wishes to meet me, but I propose that I do not see him until Russia has replied to the latest memorandum from the Allies, and it may be not at all. Unless I receive instructions, I will continue to be guided by my own discretion. Present status seems to me satisfactory and I consider American interests to be less endangered than was indicated by somewhat hysterical Paris reports. In answer to informal inquiry from the French delegates I have said that I could not discourage any proposal to have them here openly condemn all secret negotiations or bargains with Soviet Russia or with others, either while the Conference is in session or immediately after it adjourns.

CHILD

550.B1/241 : Telegram

The Secretary of State to the Ambassador in Italy (Child)

[Extract]

WASHINGTON, May 6, 1922—8 p.m.

Your 23, May 4, 10 A.M.²⁰ The general position set forth in Department's May 4, 7 P.M. applies also to agreement contemplated in Clause Seven,²¹ and you may so state in your discretion to repre-

²⁰ Not printed.

²¹ Clause VII of the conditions submitted to the Russian delegation, May 2, p. 783.

sentatives of British and other Governments. Make this known also in your discretion to Soviet representatives. Telegraph exact text of Clause Seven, with any amendments.

HUGHES

550.E1/250 : Telegram

The Ambassador in Italy (Child) to the Secretary of State

[Paraphrase]

GENOA, May 7, 1922—9 p.m.

[Received May 8—6:35 a.m.]

35. Department's telegram to Genoa May 4, 7 p.m., and later telegram which probably was dated May 2, 8 p.m., by mistake.²² I have sent text of the seventh clause separately.

I have plainly stated our position to the Italian, French and British delegates with respect to any such agreement as that which has been reported concerning Dutch-Shell and any such agreement with Soviet Russia as clause 7 implies. Belgium and France have now refused to subscribe to clause 7. Indirectly I have conveyed our attitude to the Soviet delegates.

I had a long conversation with Lloyd George, who called upon me today. He again assured me that the report of an agreement by the Dutch-Shell is incorrect but he indicated that should the negotiations with Soviet Russia here fall through, it will be difficult to control private interests even when the British private participation is large. Lloyd George confirms my own opinion that if the Genoa Conference fails completely to reach an agreement with the Soviet authorities, there is serious danger of a vicious rush by various countries for separate private or national agreements. There is some evidence pointing to mature separate negotiations made here already by the Dutch. I think that careful consideration must be given by the Department to its policy should these separate secret negotiations take place, especially as at present there is scarcely any likelihood of the successful termination of the Conference negotiations.

I repeat my advice that our Government and American private interests must do nothing which will prevent our being in a position to make a protest with clean hands. Informally, however, we must keep in the closest possible touch so as to prevent Soviet Russia from entering into any agreement by which our rights would be impaired. Lloyd George and I are in agreement that the Soviet

²² Refers to telegram of May 6, *supra*.

reply which is due tomorrow will bring a qualified eventual Soviet refusal. Joffe ²⁸ has temporarily left Genoa and is at Berlin where he is in confidential conference with Moscow regarding the Soviet reply. I have evidence in the meanwhile, which the British admit, that even if the Soviet delegation here signs, Trotsky or the Red Army or left party in Russia is preparing to repudiate any agreement. In spite of possible embarrassment, the Belgians, French, and others here will refuse to sign. Barthou has come back to Genoa much stiffened, and if we gave the word the participation of several countries in the Conference would be terminated. This I consider most unnecessary. Without giving any opinion, I have asked Lloyd George whether he has thought at this juncture of having the Conference refer to a committee which it should appoint the work of making a report on what is needed for the reconstruction of Russia, finding the means of making advances or extending credits, and of making a judicial study and report on the protection of foreign interests in the Soviet territory. I also inquired of Lloyd George as to the effect of delay so as to prevent a crisis here from causing a new political crisis in Soviet Russia, to get away from the atmosphere of a thousand press representatives making appeals to national prejudices by sensational news, to turn over the Soviet problem to persons not in the vicious circle of cabinets trying to keep in office, and to have the several states agree not to enter into separate deals with the Soviet authorities while the commission was at work. He replied that the most important purpose was the one named last, but that the success of the plan would depend as much on whether the United States would take part in such a commission, even though it be in only an advisory capacity. I told him I was in no position to inform him regarding that. He referred to the difficulty of not being in informal touch with the American Government and said that after a reply was received from the Moscow government he would like to have a further discussion with me and could do it then with more propriety. I made inquiries but did not give any commitment. I however suggest to the Department that American interests would be best protected and the cause of European peace best served if this plan were substituted, with or without the partial or full participation of the United States, for the ruptures, isolations, and recriminations which now threaten as an aftermath to the Genoa Conference.

CHILD

²⁸ Adolph A. Joffe, member of the Russian delegation.

550.E1/260 : Telegram

The Ambassador in Italy (Child) to the Secretary of State

[Paraphrase]

GENOA, May 10, 1922—2 p.m.

[Received May 10—1 p.m.]

39. It now seems that no one is satisfied with clause 7 of the memorandum to the Soviet delegation. Under the supervision of the British and Italian delegates, it is being redrawn. As instructed, I made it clear several days ago to the delegations of France, Great Britain and Italy that clause 7 was not in accord with our views regarding the protection to be given to private property rights.

CHILD

550.E1/263 : Telegram

The Ambassador in Italy (Child) to the Secretary of State

[Paraphrase]

GENOA, May 11, 1922—5 p.m.

[Received May 11—2:04 p.m.]

42. It was widely reported under a Washington date line in European newspapers yesterday and today that at a meeting of the American Cabinet the statement was made that the policy of the United States regarding the Government of Soviet Russia coincides with that of the Allies. In so far as this statement is susceptible of any interpretation, delegates in Genoa think that it means that the United States has altered its attitude from that stated in the note of Secretary Hughes declining to take part in the Conference.²⁴ You may desire to take some action in case the report is unfounded. I have stated consistently that I have received no notice of any change in our policy.

CHILD

550.E1/263 : Telegram

The Secretary of State to the Ambassador in Italy (Child)

WASHINGTON, May 11, 1922—6 p.m.

4. Your 42, May 11, 5 p.m.

There has been no change in the policy of this Government as to attitude towards Soviet regime as set forth in Note declining participation in Genoa Conference and you are authorized so to state.

²⁴ Vol. I, p. 392.

This Government has emphasized inescapable conditions upon which extension of credit to Russia for economic reasons must depend. We have hoped that Genoa Conference might have valuable results, but in present condition of uncertainty cannot do more than to re-state our fundamental position.

HUGHES

550.E1/250 : Telegram

The Secretary of State to the Ambassador in Italy (Child)

WASHINGTON, May 11, 1922—7 p.m.

5. Your 35, May 7, 9 p.m.

If Genoa negotiations fail and it becomes necessary in your judgment to forestall separate and competitive dealings with the Soviet regime detrimental to American interests, it is important that efforts to this end should be so directed as to avoid commitment of United States to any plan in advance of its submission for approval, but you may intimate to Lloyd George and the other chief Allied delegates in your discretion that this government is always ready to exchange views through diplomatic channels in order to determine future course of action.

HUGHES

550.E1/316

The Ambassador in Italy (Child) to the Secretary of State

[Extract]

GENOA, May 12, 1922.

[Received June 1.]

SIR: I have the honor to transmit herewith an English translation of the Russian reply to the Allied and Associated Powers' Note of May 2nd.²⁵ . . .

I have [etc.]

RICHARD WASHBURN CHILD

[Enclosure—Translation]

C.G. 24

The Delegation of Soviet Russia at the Genoa Conference to the Delegations of Italy, France, Great Britain, Japan, Poland, Rumania, Switzerland, and Sweden

Before examining the clauses of the Memorandum signed by a group of Powers and enclosed with the letter of Mr. Schanzer,

²⁵ Ante, p. 777.

President of the Political Sub-Commission, which was communicated to the Russian Delegation on May 2nd, the latter, to its great regret, feels compelled to observe that this Memorandum does not provide the equitable solution of the Russian problem which was hoped for, and that in certain respects it is less satisfactory than the conditions accorded to Russia by the Agreement of the Villa [de] Albertis of 20th April, and even than the London Memorandum.²⁶ At the same time, the contents of the Memorandum of May 2nd constitute a marked deviation from the lines laid down for the Genoa Conference by the Cannes decisions.²⁷

The Inviting States, in convening [*inviting*] Russia to the present Conference at the same time as the other States, gave as the reason for the invitation "the necessity of remedying the paralysis of the European system". The means for the attainment of this object were to be the "economic reconstruction of Central and Eastern Europe". It was unanimously agreed that Russia was the State whose economic reconstruction was of the greatest importance for Europe and for the whole world.

In its first Memorandum, sent as a reply to the London Memorandum, the Russian Delegation had drawn the attention of the Conference to the fact that the problem of the reconstruction of Russia should be the basis of its work. The Russian Delegation declared its willingness to consider, in conjunction with the other Powers, this fundamental problem, the solution of which, by restoring to the industry of the world 140 million consumers and an immense quantity of raw material, would contribute towards the alleviation of the present crisis, the prevention of unemployment, and the relief of the misery due to the World War, the intervention and the blockade.

In compliance with the Cannes invitation, the Russian Delegation came to Genoa with a number of schemes and proposals regarding the credits and loans required by Russia in exchange for real guarantees, and specifying the legal guarantees already embodied in Russian legislation, for the purpose of ensuring to foreign nationals desirous of bringing to Russia their technical knowledge and their capital, security for their property, rights and profits. It was the intention of the Russian Delegation to present a list of industrial, mining, agricultural and other concessions which it was desirous of according to foreigners.

Up to the present, however, this, the most important aspect of the Russian problem and of the economic problem of the world, has not even been touched upon.

²⁶ Great Britain, Cmd. 1667 (1922), p. 28.

²⁷ Quoted in telegram from the unofficial observer at Cannes, dated Jan. 6, 1922, vol. I, p. 384.

The efforts of the Russian Delegates to bring this question before the Committee of Experts appointed to examine the Russian question were of no avail.

The Committee of Experts laid down, as a preliminary condition of any examination of these questions, the obligation on the part of Russia to agree to the repayment of State debts and private claims. This method was bound to frustrate the most important part of the work of the Conference. Instead of beginning by examining those aspects of the Russian problem which would give rise to least controversy, both the Committee of Experts and the Memorandum of May 2nd gave precedence to a question which, owing to its political and legal complexity, was bound to give rise to most animated discussions.

As a result of this initial mistake, the problems of the future, which affect everyone, have been subordinated to the interests of the past which affect only certain groups of foreigners. The statement that the recognition of the debts of former Russian Governments and of private claims is an essential condition for the co-operation of foreign capital in improving the credit of the new Russia, is contradicted by the fact that many capitalists have begun to contribute towards the recovery of Russia without waiting for the settlement of the question of debts. Capital will not be attracted to Russia by any one solution of this question; that will depend on the guarantees which the Russian Government can provide for the future and on the international consolidation of its position which will result from its *de jure* recognition.

Suspicion has been cast upon the attitude of the Russian Government towards future creditors owing to its reluctance to agree blindly to proposals of too onerous a nature; this suspicion arises from interested motives.

The repudiation of the debts and obligations contracted under the old régime, which is held in abhorrence by the people, cannot in any way predetermine the attitude of Soviet Russia, the product of the revolution, towards those who may come forward with their capital and their technical knowledge to assist in her recovery. On the contrary, the fact that the Russian Delegation, in considering the question of the settlement of debts, pays most careful attention to the interests of the Russian people and to the economic possibilities of Russia, proves that it only desires to contract obligations which it is certain that Russia will be able to carry out.

It may be observed that more than one of the States present at the Genoa Conference has in the past repudiated debts and obligations which it had contracted, and that more than one has confiscated or sequestered the property of foreign nationals, as well as of its own

nationals, without for that reason being exposed to the ostracism inflicted upon Soviet Russia.

It is difficult to explain the persistence with which certain Powers are endeavouring to exclude Russia from international economic and political intercourse, and to refuse her equality of treatment, by the mere fact that certain financial claims have not been met. If one reflects upon the cost of this attitude to the world at large, to the States which have adopted it, and to Russia herself, which, for nearly five years, has suffered from its disastrous consequences, it will seem scarcely credible that the only interests involved are those of bond-holders, or of former holders of nationalised property. The discussions of the last few days, particularly on the question of the restitution of nationalised property to its former owners, show clearly that a purely material question has been complicated by the introduction of a political issue. The controversy which is being waged at Genoa on the Russian problem has a wider and deeper significance. The political and social reaction which in most countries followed the war, is aiming at the complete triumph of capitalistic individualism through the defeat of Soviet Russia, which represents collectivist tendencies in the organisation of society. The Soviet Delegation has refused, and still refuses, to introduce political considerations of any kind into the negotiations in progress, but it cannot refrain from pointing out that this attempt to secure at Genoa the triumph of the programme of one party or of one social system is contrary to the letter and to the spirit of the First Cannes Resolution. If the work of the Conference is jeopardised, the responsibility will rest entirely with those Powers which are thwarting the general desire for agreement by placing the interests of certain social groups above the common interests of Europe.

EXAMINATION OF THE PREAMBLE OF THE MEMORANDUM OF MAY 2

The Russian Delegation realises that the preamble of the Memorandum of May 2 seeks to justify the opinion that the prolonged economic isolation of Russia would be harmful to her alone, while the rest of Europe would always find means of escaping from its economic embarrassments. The object of this assertion is clear: Russia, which needs the cooperation of the other Powers for her economic restoration, must alone bear the sacrifices which that cooperation entails.

This assertion is contrary to public opinion, which, as shown by the expressed views of competent judges and by the repeated manifestations of the working masses, insists that Russia cannot be replaced and that her absence from the world's market causes a dislocation for which there is no remedy. Russia's place can be filled

by no other country. The isolation of Russia leads to political consequences which are no less disastrous than its economic consequences. The safety of Europe and the peace of the world require that this abnormal state of affairs should be brought to an end. As long as Russia remains in a kind of economic and political quarantine, certain States which are near or distant neighbours of Russia will be encouraged by this provisional state of affairs to embark on military enterprises and, by arrogating to themselves the functions of a "police force of European civilisation", will seek to trouble the peace of the world and to seize the territory and riches of Russia and of the other Soviet Republics. The solution of the Russian problem will not, therefore, be brought a day nearer unless the Powers assembled at Genoa fully realise that the sacrifices which they require of Russia must find their counterpart in similar sacrifices on their side.

In its letter addressed to Mr. Lloyd George on April 20,²⁸ the Russian Delegation made important concessions, but at the same time raised the question of the credits and loans to be granted to the Russian Government. At the first meeting of the Committee of Experts, the Russian Delegation requested the members of that Committee to undertake the detailed examination of this question. The Committee, however, as has already been noted rejected the proposal. This question which is so important for Russia remains unanswered in the Memorandum of May 2. Instead of specifying the credits to be granted to the Russian Government, the preamble of the Memorandum merely enumerates the credits which the various Governments are prepared to grant to those of their nationals who desire to trade with Russia. This question, however interesting it may be for the private traders of other countries, has nothing to do with the question raised by the Russian Delegation. Moreover, private traders and manufacturers themselves could not make use of the credits to the desired extent, if the financial resources necessary for restoring the productive forces of the country were not assured to the Russian Government; and this restoration is an indispensable condition of commercial relations of any importance between Russia and other States. If the Russian Government has not financial resources or credits for restoring industry and agriculture, for renewing means of transport and for establishing a currency with a stable exchange value by stopping the issue of constantly depreciating paper roubles, it will be practically impossible to realise any substantial volume of trade with foreign countries. Furthermore, measures designed to achieve the restoration of Russia can only be carried into effect by the Government itself, and in accordance with a pre-

²⁸ Great Britain, Cmd. 1667 (1922), p. 25.

arranged plan. It was the intention of the Russian Delegation to submit to the Conference a scheme on these lines, drawn up by qualified scientific and industrial experts.

EXAMINATION OF CLAUSE I

(A) PROHIBITION OF SUBVERSIVE PROPAGANDA

The Russian Delegation notes with some surprise a striking contrast in the Memorandum of May 2. Whereas, in the main part of the Memorandum, which deals with the restoration of Russia, no exact proposals are put forward, but only general considerations, the question of the settlement of State debts and of private claims is dealt with in the form of a definite Agreement, in which an attempt has been made to provide for the smallest details.

The Russian Delegation is no less surprised to find that political clauses, which have never yet been mentioned in the discussions of the Russian Delegation with the other Delegations, have been included in this financial Agreement at the head of all the other Clauses.

From among the Cannes Resolutions which were of a political character, and which moreover were accepted by the Russian Government, the Memorandum singles out one provision, the fifth, concerning subversive propaganda, and gives it a new meaning, by transforming it into a unilateral obligation for Russia. The Russian Government has more than once proved that the really subversive propaganda, carried on by means of the organisation and despatch of armed bands, has been the work of certain countries which are the neighbours of Russia and which have actually signed the Memorandum.

By an extension of the meaning of this Resolution, the Memorandum requires that Russia shall "suppress all attempts in its territory to assist revolutionary movements in other States." If, by this phrase, the Memorandum means prohibiting the activity of political parties or of workers' organisations, the Russian Delegation cannot agree to such prohibition, except in cases where the activity in question is contrary to the laws of the country.

In the same clause, the Memorandum requires Russia to "refrain from any action which might disturb the territorial and political *status quo* in other States." The Russian Delegation regards this proposal as a veiled attempt to make Russia recognise the treaties concluded by other States. Russia is prepared, at the proper moment, to discuss this political question with the Powers concerned.

Another political question which has been imported without relevance into the Memorandum is that of the relations between Rou-

mania and Russia, provided for in clause 13. As this question forms part of the general body of political, territorial and other questions in dispute between Russia and Roumania, it cannot be considered apart from them.

(B) RE-ESTABLISHMENT OF PEACE IN ASIA MINOR

The Russian Delegation is particularly surprised to observe that allusion is made in the Memorandum to the question of peace in Asia Minor. This is the more surprising, seeing that Turkey was excluded from the Conference of Genoa in spite of Russia's proposal that she should be invited. The presence of Turkey at the Conference would, as a matter of fact, have greatly contributed to the re-establishment of peace in Asia Minor. Russia also, in view of her friendly relations with Turkey, would have contributed to the achievement of the object in view.

The strict neutrality which the Memorandum of May 2 demands from Russia in the war which is being waged on Turkish territory cannot differ from that imposed upon all the Powers by International Law and International Conventions.

FINANCIAL CLAUSES

With regard to the other clauses of the Memorandum, the Russian Delegation must point out that the claims which they contain are as a whole based upon the changes consequent upon the Russian Revolution.

It is not for the Russian Delegation to defend that great movement of the Russian people before an assembly of Powers, many of which have experienced more than one revolution in the course of their history; but the Russian Delegation feels obliged to recall the principle that revolutions which constitute a violent break with the past give rise to new legal standards in the external and internal relations of States. Governments and administrations created by revolutions are not bound to respect the obligations of the Governments which have been overthrown. The French Convention, from which modern French [*France*] claims direct descent, proclaimed, on September 22nd, 1792, that "the sovereignty of peoples is not bound by the treaties of tyrants." In conformity with this declaration, revolutionary France not only destroyed the political treaties entered into with foreign countries under the old régime, but also repudiated her National Debt. She only consented to pay one-third of it, and that for motives of political expediency. This was the "Tiers consolidé", the interest upon which was not regularly paid until the beginning of the nineteenth century.

This procedure, exalted into a doctrine by eminent legal experts, has been almost universally followed by Governments created by revolutions or by wars or [*of*] liberation.

The United States repudiated the treaties of their predecessors, England and Spain.

Moreover, the Governments of the victorious countries, during the war, and, above all, at the time of the conclusion of the Peace Treaty, did not hesitate to seize property belonging to nationals of the vanquished countries, situated in their territory, and even in foreign territory.

In conformity with these precedents, Russia cannot be forced to assume any responsibility towards foreign Powers and their nationals for the cancellation of national debts and for the nationalisation of private property.

Another point of law may be submitted. Is the Russian Government responsible for damage caused by the civil war to foreign property, rights and interests beyond such damage as was caused by the action of the Government, in cancelling debts and nationalising property? Here again, legal tradition is in favour of the Russian Government. The Revolution, which, like all great popular movements, was an enforcement of the will of the majority, does not admit any obligation to indemnify those who suffered by it. When the Tsarist Government was asked by foreign nationals, supported by their Governments, to compensate them for the losses which they had suffered during the revolutionary disturbances of 1905 to 1906, it rejected their claims, basing its rejection on the fact that, since it had not granted compensations to its own subjects for similar losses, it could not place foreigners in a privileged position in this respect.

THE CANNES CONDITIONS

From a legal point of view, Russia is therefore in no way bound to pay debts contracted in the past, to restore property or compensate its former owners, or to pay indemnities for other losses occasioned to foreign subjects either by the legislation established by Russia in the exercise of her sovereignty, or by the events of the Revolution. Nevertheless, in a spirit of conciliation, and in the hope of reaching an agreement with all the Powers, Russia has accepted the principle contained in the third of the Cannes Conditions, under reserve of reciprocity. Such reciprocity—that is to say, the obligation of all Governments to compensate for losses occasioned by their action or negligence—has already been established by the official interpretation of the third of the Cannes Conditions, which was referred to in the first Russian Memorandum.

The war debts having been incurred for a specific purpose, were automatically cancelled by the fact that Russia, having retired from the war and having had no share in its advantages, could not be expected to share its cost. With this exception, the Russian Delegation has expressed its readiness to agree to the payment of state debts, on condition that the losses caused to Russia by intervention and blockade are recognised.

In law, the Russian counterclaims are far more justified than the claims of foreign powers and their nationals. Tradition and practice both lay down that the responsibility for losses caused by intervention and blockade should be borne by the Governments which were the authors of these measures. It will be sufficient to recall the decision of the Court of Arbitration of Geneva on September 14th, 1872, by which Great Britain was condemned to pay the United States fifteen and a half million dollars for losses caused by the privateer *Alabama*, which, during the Civil War between the Northern and Southern States, had assisted the latter.

The campaign of intervention and blockade carried on by the Allies and neutrals against Russia constituted official acts of war. The documents published in Annex II of the first Russian Memorandum proved clearly that the chiefs of the counter-revolutionary armies were such only in appearance, and that the real commanders of these armies were the foreign generals despatched specially for that purpose by certain Powers. These Powers not only took part directly in the Civil War, but were the actual authors of it.

In its desire to obtain a practical agreement, however, the Russian Delegation, following on the conversations which took place at the Villa de Albertis, decided to pursue a policy of liberal concessions, and expressed its readiness to abandon its counter claims on certain conditions and to assume the obligations of the Governments which have been overthrown in exchange for a series of concessions on the part of the Powers; the most important of which is the placing at the disposal of the Russian Government of real credits to an amount fixed in advance. Unfortunately, this condition has not been fulfilled. The memorandum says nothing of the credits which the signatories are definitely and finally prepared to grant to the Russian Government: moreover, the credits which they undertake to grant to their own subjects for the purpose of trading with Russia are purely optional.

Similarly, the memorandum raises again in its entirety the question of war debts, the cancellation of which was one of the conditions on which Russia was willing to abandon her counter claims. The memorandum also raises the question of the moratorium and the

cancellation of interest on pre-war debts, referring the final decision on this question to an arbitral tribunal, instead of deciding it in the Agreement itself. This again is contrary to the provisions of the London Memorandum.

In so doing, the signatories of the memorandum release themselves from their obligations, and recognise that the opposite party is equally released. In this way, the laborious negotiations which led to the Agreement of the Villa de Albertis have been rendered vain. The Russian Delegation has no desire to fix the responsibility for this on any particular Power: but in any case, Russia is not to blame.

The negotiations have been rendered still more difficult by the persistent attempt of certain States to impose on Russia, in Article VII, obligations inconsistent with her social system and with Article I of the Cannes Resolutions.

PRIVATE PROPERTY. CLAUSE 7

Clause 7 begins with an admirable preamble recognising the sovereign right of Russia to regulate within her own territory as she thinks fit her system of ownership, economy and government, but the operative part of the clause is in flagrant contradiction to its preamble. The sovereignty of the Russian State becomes the sport of chance. It may be impaired by the decisions of the Mixed Arbitral Tribunal consisting of four foreigners and one Russian, which will decide, in the last resort, whether the property of foreigners should be re-instated, restored or compensated.

On this question, the Russian Delegation must point out that, in the consideration of disputes of this kind, the particular points of disagreement will inevitably lead to the pitting one against the other, of two forms of ownership, the confliction between which has assumed today for the first time in history a real and practical importance. In these circumstances, there cannot be an impartial supreme arbiter, and, under the provisions of Clause 7, the part of supreme arbiter would inevitably be taken by one of the interested parties. This would necessarily lead to the intervention of foreigners in the internal affairs of Russia, and would in practice do away with the inviolability of the system of ownership existing in Russia, which is recognised at the beginning of Clause 7.

Moreover, the Russian Delegation can see nothing of any practical importance in Clause 7. Its inclusion in the Memorandum of May 2 can only be explained as the result of a desire to satisfy certain class or party resentments, rather than of any adequate knowledge of the state of affairs in Russia. Apart from the per-

petual conflicts between claimants and the Russian Government, and between the latter and foreign Powers, to which this Clause will give rise, Clause 7, so far from creating that mutual tolerance between the Soviet régime and the capitalist régime which is the condition of any fruitful co-operation, will only embitter the relations of these two systems. Foreigners, coming to Russia, not as the result of an amicable agreement with the Russian Government, or for the purpose of working under the protection of the Russian laws, but by virtue of the decision of a Mixed Arbitral Tribunal, would soon be conscious of a general feeling of hostility against them.

In order to make it possible for the former owners of nationalised property to apply their technical knowledge and their capital in the economic restoration of Russia for their own profit, the Russian Government has, on its side, recognised their preferential right in all cases in which their former property is the subject of a concession, either in the form of a lease or in the form of a mixed partnership between State and foreign capital, or in any other form providing for the participation of foreigners.

The Russian Delegation also notes that the States concerned, reserving all their solicitude for a small group of foreign capitalists, and maintaining on theoretical points a quite inexplicably uncompromising attitude, have sacrificed a large number of foreign capitalists who are desirous of profiting by the facilities and guarantees afforded them by the Russian Government to enable them to return and resume work in Russia. They have also sacrificed the interests of the numerous small holders of Russian bonds, and small foreign proprietors whose property has been nationalised or sequestered, whom the Russian Government intended to include amongst the claimants whose claims it recognised as just and equitable. The Russian Delegation cannot refrain from expressing its surprise that the Powers, such as France, whose nationals include the majority of the small Russian bondholders, should have insisted most strongly upon the necessity of restoring property, thus subordinating the interests of small holders of Russian bonds to those of certain groups which demand the restoration of property.

CONCLUSIONS AND PROPOSALS

The Russian Government sent its representatives to the Genoa Conference in the hope of concluding there an agreement with other States which, without affecting the social and political régime established as a result of the Revolution and of the successful repulse of the attempts at intervention, would lead not to an aggravation but to an improvement of the economic and financial situation of Russia,

and would at the same time pave the way for an improvement in the economic situation of Europe.

But the achievement of this end presupposed the willingness of the foreign powers which had organised armed intervention in Russia, to cease employing towards Russia the tone of victor to vanquished, since Russia was not vanquished. A common agreement could only have been reached if the tone adopted had been that of States negotiating on a footing of equality. Russia is ready to consent to substantial concessions to foreign Powers in order to ensure the success of the negotiations, but only on condition that equivalent concessions will be made by the other contracting Party in favour of the Russian people. The Russian masses cannot be a party to an agreement in which the concessions made are not balanced by real advantages.

Another solution suggested by the difficulties of the situation would be the reciprocal cancellation of claims and counter claims arising out of past relations between Russia and the other Powers. But even in the event of such a solution, the Russian Government fully intends to respect the interests of small bondholders.

If, nevertheless, the Powers desire to find a solution of the financial differences between themselves and Russia, it is suggested that since this question requires a most exhaustive examination of the nature and the scope of the claims presented to Russia, and a more precise estimate of the credits available for her, the work might be entrusted to a mixed committee of experts appointed by the Conference. This Committee would begin work at a date and in a place to be fixed by agreement.

The Russian Delegation observes that the chief obstacle which the Conference has met up to the present time is the fact that all the Powers are not yet sufficiently imbued with the idea of reciprocity referred to above. At the same time, the Delegation cannot but emphasise the fact that the negotiations which have taken place have paved the way for a closer understanding between Soviet Russia and foreign Powers. The Russian Delegation considers that the divergencies of view which have arisen in the discussion of the financial differences between Russia and foreign Powers should not constitute an obstacle to the settlement of other problems which affect all countries alike, and, in particular, those problems which concern the economic recovery of Europe and Russia, and the establishment of peace—problems which can and must be settled here at Genoa. Russia has come to the Conference in a spirit of conciliation, and still cherishes the hope that her efforts will be crowned with success.

[GENOA, *May 11, 1922.*]

550.E1 Russia/— : Telegram

The Ambassador in Italy (Child) to the Secretary of State

[Paraphrase]

GENOA, May 14, 1922—1 a.m.

[Received 3:02 a.m.]

50. Although British proposal has not yet been made, I have been requested²⁹ to submit to the American Government the following formal [*informal?*] invitation.

Agreement has been reached today by the Conference's sub-commission on political affairs with respect to the suggestion for a committee of experts to be chosen by the different governments. This committee is to meet at a place to be selected by the governments concerned and will have the authority to call Russians when it is desired to secure information. It was also voted by the commission to accept the French proposal of a guarantee against separate agreements with the Soviet Government until the committee has completed its work. Only the Italian delegates made reservations on this point.

Under the circumstances, it is to be hoped that the American Government will see its way clear to accept representation on the proposed committee of experts. Such action by the American Government would be understood to involve no obligation to be represented in other European commissions or conferences of a similar nature.

In my opinion, whether it is a British or French proposal it will be a good opportunity provided there is no implied obligation to do more than advise, as it will enable us to enforce the ban on separate deals, to save much European suspicion, and to prevent ill will and the complete failure of the Conference.

CHILD

550.E1 Russia/1 : Telegram

The Ambassador in Italy (Child) to the Secretary of State

[Paraphrase]

GENOA, May 14, 1922—noon.

[Received May 14—9:55 a.m.]

51. Press representatives here received authoritative information regarding the French proposal which I submitted in my telegram no. 50, 1 a.m., today. The reporters have requested me to give a general confirmation. The fact that the French have extended a tentative invitation is known to Lloyd George and this morning I discussed the matter with him. I stated that I could not forecast

²⁹ Apparently by Ambassador Barrère of the French delegation; see p. 809.

what action my Government would take. It is of course generally recognized that if the United States accepts at all the acceptance probably will also be tentative and will be subject to a more detailed and formal invitation by the Powers. Nevertheless, such a tentative acceptance will help to keep the Conference from being a total failure and will perhaps prevent serious breaches.

CHILD

550.E1 Russia/—: Telegram

The Secretary of State to the Ambassador in Italy (Child)

WASHINGTON, May 14, 1922—11 p.m.

9. Your 50, May 14, 1 a.m. and 51, May 14, noon. This Government views suggestion sympathetically and is disposed to favor acceptance of invitation provided—

1. Committee shall be constituted for expert inquiry and report as to economic situation and remedies;

2. Committee shall be wholly advisory and shall take no action to bind Governments without their explicit consent;

3. It shall be agreed in advance that no separate arrangements shall be made with Soviet authorities pending Committee's inquiry and report.

This Government will await more detailed statement of plan and formal invitation before making final decision as to acceptance.

HUGHES

550.E1 Russia/3: Telegram

The Ambassador in Italy (Child) to the Secretary of State

[Paraphrase]

GENOA, May 15, 1922—1 a.m.

[Received 3:06 a.m.]

53. Your no. 5, May 11, 7 p.m. Italian Minister for Foreign Affairs, acting as presiding officer of the Conference and also on behalf of his Government, and Lloyd George have presented to me an invitation for the United States under the conditions of an agreement which the inviting powers made tonight to submit tomorrow to the political sub-commission. This agreement is sent textually and briefed in my no. 54 dated 2 a.m. today. A protest has been made by the Soviet delegation against the ban on separate agreements. The Russians ask for mixed rather than separate commissions. For the reasons which follow I do not advise acceptance:

1. Final definition of terms is lacking.

2. It is advisable to withhold final decision on account of the disciplinary effect it will have on Soviet Russia.

3. The hope of America's becoming involved has already been effective in preventing a serious Anglo-French discord. For the first time these two delegations have cooperated.

4. The inviting powers have already made public the declaration against separate agreements and it has had its moral effect.

I recommend, however, that the United States give some indication that it will seriously consider either active or advisory participation in case the Genoa Conference has a definite proposal. In this way the disciplinary effect will be maintained and the impression of prompt courtesy be given to the Conference. I have taken care to refrain from expressing any opinion. I have also given consistent warnings that American private opinion does not have official sanction and I have stated again and again that American policy was determined not at Genoa but at Washington.

CHILD

550.E1 Russia/4 : Telegram

The Ambassador in Italy (Child) to the Secretary of State

GENOA, May 15, 1922—2 a.m.

[Received 3:35 a.m.]

54. Italian, Belgian, British, French and Japanese delegations considered Russian memorandum May 11. Agreed [to following] recommendations [to] First Commission without the Germans, Russians.

1. Russian proposal May 11 for commission experts accepted in form in annex. June 26 date of meeting.

2. Powers except Germany and Russia shall be invited send representative[s] to Hague June 15 for preliminary exchange views line of action by commission of experts towards the Russians. President Genoa conference requested to extend similar invitation to America if he ascertains she is willing to attend.

3. Representatives at Hague will elect commission charged conduct permanently a Russian commission.

4. Governments at preliminary meeting will intimate unless they have already done so whether willing to participate in commission. Unwillingness on the part of a government will not prevent the meeting of the commission on behalf of other governments.

5. If no joint recommendation can be submitted by commission's experts within three months from June 26 or joint recommendations not accepted by governments concerned one month after date of recommendations each government at liberty make separate agreement with Russians on matters in clause 3.

[6.] Delegations recommend respective governments not recognize or support private agreements by their nationals with Russian Government affecting property previously belonging foreigners before conclusion work expert commissions or during month following their joint recommendations if any.

Belgians and French declared would recommend their Governments adhere to these decisions.

ANNEX. DRAFT CLAUSES [FOR] COMMUNICATION TO RUSSIAN
DELEGATION

1. Powers mentioned agree commission experts be appointed for further consideration outstanding differences with Russian Government and for meeting with Russian commission similarly empowered.

2. Powers represented in non-Russian commission and names members of the commission will be communicated to the Russian Government and names members Russian commission communicated other governments not later than June 20.

3. Matters treated by these commissions will comprise all outstanding questions relating to debts, private property, credits.

4. Members both commissions meet Hague June 26.

5. Commissions will endeavor to arrive joint recommendations matters clause 3.

6. To enable commissions to be conducted tranquilly and restore mutual confidence engagements will be made binding Russian Government and other participating governments refrain from acts of aggression against respective territories and refrain subversive propaganda.

Fact of non-aggression be founded on observance of existing *status quo* will remain either until outstanding European frontier questions settled or definite period. Agreement against propaganda binds all signatory governments to abstain interference internal affairs other states, from supporting financially or otherwise political organizations other countries and to suppress internally fomentation acts violence other states or attempts which might disturb territorial and political *status quo*.

CHILD

550.E1 Russia/4 : Telegram

The Secretary of State to the Ambassador in Italy (Child)

WASHINGTON, May 15, 1922—4 p.m.

10. Your 53 and 54. We appreciate proposal transmitted by your 54. Entirely inconsistent with French proposal and in this view my #9, May 14, 11 p.m. cannot be acted upon. Will telegraph reply to invitation shortly; meanwhile advise at once result of meeting of subcommission.

HUGHES

550.E1 Russia/4 : Telegram

The Secretary of State to the Ambassador in Italy (Child)

WASHINGTON, May 15, 1922—5 p.m.

11. Your 53, May 15th, 1 a.m. and 54, May 15th, 2 a.m. You may deliver to Italian Minister for Foreign Affairs the following reply to the invitation contained in your 54, May 15th, 2 a.m.

"This Government has carefully considered the invitation extended to it by the President of the Genoa Conference, under the conditions set forth in the agreement of the inviting Powers, to join the proposed commission to meet at The Hague on June 15th. This Government is most desirous to aid in every practicable way the consideration of the economic exigencies in Russia and wishes again to express the deep friendship felt by the people of the United States for the people of Russia and their keen interest in all proceedings looking to the recovery of their economic life and the return of the prosperity to which their capacities and resources entitle them. The American people have given the most tangible evidence of their unselfish interest in the economic recuperation of Russia, and this Government would be most reluctant to abstain from any opportunity of helpfulness.

This Government, however, is unable to conclude that it can helpfully participate in the meeting at The Hague as this would appear to be a continuance under a different nomenclature of the Genoa Conference and destined to encounter the same difficulties if the attitude disclosed in the Russian memorandum of May 11th⁸⁰ remains unchanged.

The inescapable and ultimate question would appear to be the restoration of productivity in Russia, the essential conditions of which are still to be secured and must in the nature of things be provided within Russia herself.

While this Government has believed that these conditions are reasonably clear, it has always been ready to join with the governments extending the present invitation in arranging for an inquiry by experts into the economic situation in Russia and the necessary remedies. Such an inquiry would appropriately deal with the economic prerequisites of that restoration of production in Russia without which there would appear to be lacking any sound basis for credits. It should be added that this Government is most willing to give serious attention to any proposals issuing from the Genoa Conference or any later conference, but it regards the present suggestions, in apparent response to the Russian Memorandum of May 11th, as lacking, in view of the terms of that Memorandum, in the definiteness which would make possible the concurrence of this Government in the proposed plan."

In view of the fact that American press carries substance of invitation and report of approval today by political sub-commission, the summary of the invitation contained in your 54, May 15th, 2 a.m. and of above reply have been made public.

HUGHES

550.E1 Russia/7a : Telegram

The Secretary of State to the Ambassador in Italy (Child)

WASHINGTON, May 16, 1922—11 a.m.

12. French Ambassador advising me of instructions received from Poincaré indicates apparent divergence of view between Poincaré

⁸⁰ Ante, p. 792.

and Barthou. French Ambassador May 13th communicated Poincaré's proposal substantially identical with your 50, May 14, 1 a.m. and later further communication from Poincaré explaining attitude as to expert inquiry substantially like that of this Government. In interview with French Ambassador evening May 15th it appeared that he had not received advices of last proposal according to your 54, May 15th, 2 a.m., and he stated that French declaration in Genoa that they would recommend their government to adhere to the decision would seem to indicate grave difference with Poincaré.

What is your view as to this?

HUGHES

550.E1 Russia/7 : Telegram

The Ambassador in Italy (Child) to the Secretary of State

[Paraphrase]

GENOA, May 16, 1922—1 p.m.

[Received 1:05 p.m.]

56. I communicated to Barrère⁵¹ your reply to the French proposal as instructed and with his consent I communicated to Lloyd George and Schanzer⁵² its substance regarding the proposals made and conditions laid down. They are all in agreement that The Hague proposal now being discussed meets your three conditions. Barrère thinks that the French memorandum and the conditions of The Hague proposal are substantially the same. As I understand your formal reply to the Italian Minister for Foreign Affairs, it does not make impossible the consideration of a final invitation in case the attitude of Soviet Russia changes, as now seems likely. The Russians did not initiate the proposal for a meeting at The Hague and gave their consent reluctantly under pressure from the other powers. The connection of Russia with The Hague proposal is not at all binding, and in case the ban on separate agreements is extended our final support with a view to inquiry may have the moral effect of steadying a hectic Europe, concluding this conference without breaks, and of safeguarding American interests by close contact. It will help to have any word from you which will reinforce your assent to continuing the exchange of views.

CHILD

⁵¹ Camille Barrère, French Ambassador in Italy and member of the French delegation at the Genoa Conference.

⁵² Carlo Schanzer, Italian Minister of Foreign Affairs and president of the political subcommission of the Genoa Conference.

550.E1 Russia/6: Telegram

The Ambassador in Italy (Child) to the Secretary of State

[Paraphrase]

GENOA, May 16, 1922—3 p.m.

[Received May 16—12:30 p.m.]

57. After seeing your note Lloyd George and Schanzer requested my assent to a consultation at Washington between the British Ambassador and yourself limited to inquiry regarding the means by which your views may be met.

CHILD

550.E1 Russia/8: Telegram

The Ambassador in Italy (Child) to the Secretary of State

[Paraphrase]

GENOA, May 17, 1922—1 a. m.

[Received 10:45 p.m.]

58. Department's No. 12 of May 16, 11 a.m. I have no doubt that there is misunderstanding between Barthou and Poincaré. I have received information on excellent authority that this afternoon Barthou was making explanations to Paris on demand and requesting that the following information be given to the American Government.

The second and third paragraphs of the *procès-verbal* from the inviting powers are intended to mean nothing more than a preliminary investigation by experts chosen by governments and not as an extension of the Genoa Conference. It is intended that the experts are not to have diplomatic or political status or authority to bind their governments. However, after the investigation and the retirement of those governments which do not care to go further, a committee may be appointed to exchange views with a Soviet commission. The French memorandum reported in my 50, May 14, 1 a.m., was drawn by Barrère, and he has expressed his opinion privately that the *procès-verbal* transmitted in my No. 54, May 15, 1 [2] a.m., is an awkward effort to sugar-coat the French proposal for the Russians. He points out that there is no commitment by any government to consummate negotiations with the Soviet Government.

CHILD

550.E1 Russia/9b : Telegram

The Secretary of State to the Ambassador in Italy (Child)

WASHINGTON, May 17, 1922—1 p. m.

13. Your 56, May 16, 1 p.m., 57 May 16, 3 p.m., 58 May 17, 1 a.m.

The radical difference between proposal submitted by your 50, May 14, 1 a.m. and that submitted by your 54, May 15, 2 a.m. is apparent and there should be no misunderstanding of the position of this Government. The proposal of your 50, May 14, 1 a.m. was understood to be for a real committee of experts and its nature was emphasized by statement that committee would be "empowered to call Russians when information is desired." To avoid any possibility of misapprehension I took care, in my tentative answer, No. 9, May 14, 11 p.m., to provide not only that committee should be wholly advisory and that separate arrangements should be barred pending report, but that committee should be constituted for expert inquiry and report as to economic situation and remedies. In later proposal submitted by your 54, May 15, 2 a.m., while the designation of a commission of experts is used, the true character of proposed plan is disclosed in Annex by provision (1) that commission should be appointed "for the further consideration outstanding differences with Russian Government and for meeting with Russian Commission similarly empowered," and (2) "that Powers represented in non-Russian Commission and names members of commission will be communicated to the Russian Government and names members Russian Commission communicated other governments not later than June 20."

The Genoa Conference has been so conducted as to give foremost place to question of recognition of Soviet regime and Soviet representatives have been facilitated in presenting impossible demands, as, for example, for a huge loan to Soviet regime for which there is not the slightest prospect. Further, the Soviet representatives in their memorandum of May 11th have set up barriers to political relations which might as well be recognized as such first as last. This Government has no intention of continuing such fruitless discussions or of participating in conference which merely furnishes a stage for declarations ill-adjusted to the objects sought.

There seemed to be left, however, an opportunity for a real expert investigation of Russian economic conditions relating to agriculture, industry, transportation, et cetera, by which a common understanding could be reached as to maladies and necessary economic remedies. The situation appears to this Government to be plain, but such an

inquiry might be helpful by promoting a better understanding here and abroad of the inescapable economic facts. There would be no objection to German participation or to a Russian expert sitting on such a committee provided that it was understood that the committee was not to take up differences with Russian Government or to deal with the Soviet regime itself but was entirely for the purpose of a scientific economic inquiry and for report to the governments concerned so that political questions could be considered by such governments in their proper order and in the light of the unquestionable economic conditions revealed. It would be a condition, however, of Russian participation in such an economic committee of inquiry that the Russians should withdraw their memorandum of May 11th, as there is no prospect of doing anything with Russia while the position taken in that memorandum remains unchanged. This might as well be understood now in order to save much waste of time and effort. This position is one of sincere friendliness to the Russian people.

You may make this attitude perfectly clear. I have no objection to stating it to the British Ambassador or other ambassadors here if desired, but see no reason for using any other vehicle of communication than yourself. This Government desires to help so far as practicable, but sees no advantage in proceedings continuing negotiations which merely lead Russians either to demand or to believe that the impossible can be accomplished. The best alternative is to clear the air by a direct expert inquiry as to the fundamental facts.

Repeat above to London, Paris, Brussels merely for their information.

As it is probable that Lloyd George on his return will make a full statement in Parliament, it is important that there should be no basis for any possible claim of misunderstanding of our position.

HUGHES

550.E1/291 : Telegram

The Ambassador in Italy (Child) to the Secretary of State

[Paraphrase]

GENOA, May 18, 1922—2 p.m.

[Received May 18—10:20 a.m.]

60. I have received secret application from Krassin for an interview. He promises confidential communication. According to your unnumbered telegram of May 4, 10 a.m., I am authorized to meet Krassin. As Krassin is leaving tomorrow night, I ask immediate instructions.

CHILD

550.E1/291 : Telegram

The Secretary of State to the Ambassador in Italy (Child)

WASHINGTON, May 18, 1922—noon.

14. No objection to your receiving Krassin privately, unofficially and confidentially.

HUGHES

550.E1 Russia/10 : Telegram

The Ambassador in Italy (Child) to the Secretary of State

[Paraphrase]

GENOA, May 18, 1922—1 p.m.

[Received 1:15 p.m.]

61. Your 13, May 17, 1 p.m. I communicated your expressions in their exact text to Facta, the president of the Conference, and to Schanzer in the presence of Lloyd George and my secretary. Lloyd George said that in his opinion our attitude made it unlikely that the United States would join in the project for a meeting at The Hague. This position was reflected in the British press bureau resulting in press inquiries as to whether there was a change in the American position. I made an emphatic statement that from the first there has not been and that there is not now any change whatever and that now there is no room for the least misunderstanding.

CHILD

550.E1/295 : Telegram

The Ambassador in Italy (Child) to the Secretary of State

[Paraphrase]

GENOA, May 19, 1922—2 p.m.

[Received May 19—11:03 a.m.]

64. Plenary session ending Genoa Conference was perfunctory. Lloyd George rebuked Soviet delegates for their memorandum of May 11,* as he had indicated to me that he would.

I will reach Rome May 22.

CHILD

861.01/448 : Telegram

The Ambassador in Italy (Child) to the Secretary of State

[Paraphrase]

ROME, May 22, 1922—3 p.m.

[Received 9:55 p.m.]

77. Krassin says that the United States has the confidence of Russia to a greater extent than has any other country for the following reasons:

* Ante, p. 792.

1. The two nationalities have similar republican individualism.
2. The reconstruction of Russia can be aided by the United States.
3. The consideration of European intrigue does not apply to the United States.
4. The Russians have great gratitude for American relief work.

Krassin says that for the reasons indicated above Russia is willing to restore or to make complete compensation for all American private property, while temporarily not admitting her obligation to do so. He also stated that Russia is so anxious to obtain the cooperation of the United States in respect to political recognition that in fact if not in law she will make restoration or restitution and is disposed to give most-favored-nation treatment to the United States in all international negotiations [unintelligible passage]. Krassin said that the Soviets are taking steps to restore freedom of labor and to reconstitute judicial system. He substantially admitted that mutual guarantees against subversive propaganda were more necessary now to the Soviets than to the United States.

I warned Krassin that it would set back American interest in Russia for a decade if anything were done infringing the rights of our legitimate claimants to equal treatment with respect to debts and private property. He promised on my suggestion to send me privately and confidentially a communication confirming as much of the above as he dares. If the State Department allowed and his personal safety permitted he would go to the United States. He says he has personal knowledge that Great Britain and France in their dealings with Russia are showing bad faith toward each other and that the British are using Germany as a tool. He gave the implication that the Soviet memorandum of May 11³⁵ was intended for Moscow consumption being written after hope for the negotiations at Genoa was abandoned. He regrets this memorandum.

Krassin is known as a conservative as compared with Litvinoff, but he says that the evidence leads him to have faith that American interests may deal with Russia without fear of losing their property interests by nationalization or other means. I said to him that it is better to conduct business with not so much polemical negotiation than to have a lot of polemical negotiation and not do any business. He said he felt the same and that he did not have particular hope for the meeting at The Hague. He agreed that it would be better for the Soviets to have a committee merely of experts but that it was necessary for Lloyd George and Schanzer to make a gesture in order to save the face of the Genoa Conference.

CHILD

³⁵ *Ante*, p. 792.

550.H1 Russia/22½

*Memorandum by the Secretary of State of an Interview with the
French Ambassador (Jusserand), May 26, 1922*

The French Ambassador called with a message from M. Poincaré which he read. He did not furnish the Secretary with a memorandum of the text. He said that Mr. Poincaré, in substance, stated that he was in accord with the position of the Secretary in relation to the meeting at The Hague; that there was only one point of difference, that is, M. Poincaré was opposed to German representation in view of the Russo-German Treaty, and thought that German representation might be made conditional upon the abandonment of that Treaty. The Ambassador also said that M. Poincaré was apparently of the opinion that the Secretary contemplated in his suggestion of an expert committee that it should sit in Russia. The Secretary observed that he did not state where it should sit; that possibly it might be advisable for such a committee to go to Russia, but that it could not do a great deal of work outside of Russia; his suggestion was comprehensive enough to include an inquiry in Russia, but did not necessarily require it.

The Ambassador said that M. Poincaré proposed, in view of the agreement between the French and the American positions, that the two Governments should work out a concrete plan for an expert inquiry and propose it to the other Governments; that it could be proposed by them jointly or probably it would be more in accord with the American tradition if it was proposed separately by the American Government and the same thing could be proposed by the French Government. The Ambassador thought that in this way there would be obtained the concurrence of a number of the Powers and it might lead to the formation of a committee on the lines suggested by the Secretary.

The Secretary expressed his gratification that the views of M. Poincaré were so nearly in agreement with his own. The Secretary said that he had made our position quite clear as to the sort of inquiry this Government favored; that there could be no doubt, he thought, of the views of this Government, and he understood that the suggestion of the Ambassador related really to a matter of procedure. The Secretary said that he was not prepared to deal with the suggestion that the American Government should make any further proposal and he wished to consider that very carefully and would take the matter up in a later interview.

550.E1 Russia/24½

Memorandum by the Secretary of State of an Interview with the French Ambassador (Jusserand), May 27, 1922

The French Ambassador called at the request of the Secretary. The Secretary said that he had carefully considered the suggestion made by the Ambassador yesterday that the French and American Governments should work out a concrete plan for an expert inquiry regarding conditions in Russia and should either jointly or separately propose it to the other Powers.

The Secretary said that he wished to recall to the Ambassador exactly what had taken place; that on May 15 there had been communicated to this Government a proposed plan for a meeting at The Hague of a commission which later was to deal with the Russian Commission to take up the existing differences with the "Russian Government";⁸⁶ that the Secretary had at once replied stating the views of this Government regarding the proposal and that for reasons stated this Government could not participate in the proposed meeting at The Hague. The Secretary read to the Ambassador his reply of May 15.⁸⁷ The Secretary said that this was communicated to the President of the Conference by Ambassador Child and was published here and in Europe in the papers of May 16; that thereupon the proposed plan had been adopted by the political sub-commission; that to leave no possible question of the attitude of this Government the Secretary had sent an explicit instruction to Mr. Child on May 17;⁸⁸ that the substance of this instruction had been read at the time to the French Ambassador and a copy sent to him; that the substance had also been communicated in the same way to the British Ambassador and the Japanese Chargé; that Mr. Child had gone over the instruction with the French, British and Italian representatives at Genoa and the Secretary believed also with the representatives of the other Governments; it thus appeared that there was not the slightest question of the American position being fully known; that the instruction of May 17, which was communicated to the various Governments the following day was concrete and explicit showing exactly why we could not participate in the proposed meeting at The Hague and the sort of inquiry which this Government would favor; that thereupon the following day the proposal in its original form had been adopted in plenary session at Genoa. The Secretary said that he understood that the French and Belgian representatives had said that they would recommend the

⁸⁶ Telegram no. 54 from the Ambassador in Italy, May 15, 2 a.m., p. 806.

⁸⁷ Contained in telegram no. 11, May 15, 5 p.m., to the Ambassador in Italy, p. 807.

⁸⁸ *Ante*, p. 811.

plan as thus adopted to their Governments and had voted for it subject to the approval of their Governments; the Secretary also said that the American position was made known to the representatives of the Powers at Genoa who had dealt with a concrete plan and approved it and thus called for a meeting at The Hague.

The Secretary said that it was not necessary for this Government to add anything to its statement in order to make its position plain; that its position remained precisely what it had been as thus stated. The question, then, was whether this Government should join with the French Government or independently make a counter proposal. The Secretary felt, after careful consideration, that this would be unwise; that it was quite competent for the European Powers if they so desired to hold the meeting at The Hague according to their plan as proposed; that this Government wished them well in their enterprise and certainly did not wish to be put in a position of trying to frustrate their plans; that if this Government made a counter proposal either independently or jointly with the French and attained the adherence of several other Powers it would take the responsibility not simply of declining the invitation to attend the Hague meeting but of preventing the Hague meeting. The Secretary felt that this should not be done; that this Government did not wish to take the initiative; that this Government had no proposal to make,—that it simply declined the invitation stating its grounds and making a definite suggestion as to what it would be willing to do; that it would be an entirely different matter if this Government undertook virtually with the cooperation of the French to call another meeting which might be declined by the Russians and which might frustrate The Hague meeting without accomplishing anything at all.

The Secretary said that if the European Powers who had taken part in the Genoa Conference consulted together and desired to adopt another plan which fell in line with the American suggestions that of course they could do, and the American Government stood upon the suggestions which it had made.

The Secretary felt that the next move was one for the European Powers; if they wished to go ahead with the meeting at The Hague that they could do so; if they wished to propose something else the proposal would, of course, receive the most careful consideration.

The Ambassador endeavored to convince the Secretary that all that was desired was for the American Government to restate its views and emphasize them and that while France might stand alone in Europe in refusing to go to the Conference and have certain disagreeable consequences, still she was ready to do so, but that it would be very agreeable to her if this Government would join her in mak-

ing this proposal to the Powers. The Secretary suggested that it was quite competent for France, in the light of the American suggestion, and the inability of this Government to be represented at The Hague, to take the matter up with the British Government, the Italian Government, or other Governments to see what, if any, change in the proposed plan was desired and he reiterated that this Government did not wish to take the responsibility of making a proposal which would be construed as designed to frustrate The Hague enterprise, while it would be very doubtful if anything would come of any counter proposal which was not the result of conference and agreement among the European Powers.

**PLEDGE BY THE WESTERN POWERS AT THE HAGUE CONFERENCE
AND BY THE UNITED STATES NOT TO COUNTENANCE INFRINGEMENTS
BY THEIR RESPECTIVE NATIONALS UPON PRIVATE FOREIGN RIGHTS IN RUSSIA**

550.E1 Russia/38a : Telegram

The Secretary of State to the Chargé in the Netherlands (Sussdorff)

[Paraphrase]

WASHINGTON, June 16, 1922—5 p.m.

33. The Department wishes to receive accurate information regarding the negotiations now taking place at The Hague. It will depend upon the Legation to give full reports by mail and when occasion requires by cable. Telegraph only such items as are not carried in the press.

As the United States has refused to accept the invitation to participate in the Conference,⁸⁹ use particular care not to give the impression that you are having any part in it in any capacity at all. You will keep this Government informed regarding what takes place as far as it is possible to do so, acting merely as our diplomatic representative at The Hague. You may attend the public sessions of the Conference if you deem it appropriate. Exercise great care not to express any opinion concerning the debates or negotiations.

HUGHES

550.E1 Russia/58 : Telegram

The Chargé in the Netherlands (Sussdorff) to the Secretary of State

[Paraphrase]

THE HAGUE, July 13, 1922—5 p.m.

[Received 9:28 p.m.]

64. There is general agreement today among the non-Russian delegates that due to the completely impractical and stubborn attitude

⁸⁹ See telegram no. 11, May 15, to the Ambassador in Italy, p. 807.

which the Russians have maintained there is no hope any longer of any accomplishment by the Conference. The delegates reached this decision after the Russians replied in a most unsatisfactory manner to a number of technical questions to which definite answers were required regarding debts and private property. In effect the Russians stated that property rights acquired in Russia after the decree of May 22 would be recognized. The Russians also said that while they were ready in principle to recognize foreign debts, it would not be possible for an indefinite period to liquidate such debts, and that they are not even willing to consider the conditions under which they would pay the debts until definite assurances are given that credits will be extended to the Moscow government.

The circumstantial indications are that when the Russians saw that the non-Russian delegates would all follow a common policy, they determined to break with the Conference and to try to obtain credits from private sources, so as to avoid the necessity of concessions concerning debts and private property.

While the non-Russian delegates are aware of the uselessness of negotiating further with the Russians, yet for about ten days they probably will continue discussions, so as not to create the impression that they are breaking abruptly with them. Consideration is being given by the non-Russian commission to the advisability of remaining in session after the Russians depart in an attempt to arrive at a solution of the Russian problem. Information has come to me that the non-Russians are contemplating asking the United States to join in their conferences, if there is reasonable likelihood that the invitation would be accepted.

There is a disquieting impression among the French delegates that negotiations for concessions are being carried on by big private interests, especially British, Dutch and Scandinavian. Major Ord ⁴⁰ has definite proof that the Vlessing company, a Dutch concern, has secured a manganese concession in Azerbaijan, Georgia and Armenia, which it is now operating. Direct negotiations for additional concessions are being carried on at The Hague by this company with a traveling Russian trade commissioner. Should there be a break-up of the Conference now, doubtless there will be a general rush for concessions. Belgian and French delegates after a study of the list of concessions which the Moscow government recently offered declare that the list contains no American property. I am transmitting a copy of this list ⁴¹ by pouch today. The Russians have stated that all confiscated foreign property not included in the recent list will be retained by them.

⁴⁰ Maj. James B. Ord, military attaché at The Hague.

⁴¹ Not printed.

It is the hope of the French delegation that in any case a resolution will be adopted by the non-Russian delegations to the effect that none of them will give support to any of their nationals who obtain Soviet concessions containing property any of which was confiscated from a citizen or subject of any one of the signing states.

SUSSDORFF

550.E1 Russia/50 : Telegram

The Chargé in the Netherlands (Sussdorff) to the Secretary of State

[Paraphrase]

THE HAGUE, July 14, 1922—5 p.m.

[Received July 14—4:55 p.m.]

65. The non-Russian delegations, in order to protect the confiscated property of their nationals in view of the intention of the Soviet Government to grant concessions to private corporations, are discussing a proposal to make a joint agreement to be signed by the representatives of the non-Russian governments participating in the Conference here to the effect that the states signing the agreement will not give support to any of their nationals who may obtain Russian concessions containing property confiscated from the nationals of other signatory states.

The Belgian and French delegations are promoting this proposal and they have inquired of the Legation how such an agreement would be viewed by the American Government. The head of the Belgian delegation, Mr. Cattier, told me today that he would be glad to suggest to the non-Russian delegations that they extend the proposed agreement to include property confiscated from citizens of the United States. He said that it would greatly strengthen his proposals if he could state that the American Government would reciprocate by giving an indication that on its part it would give no countenance to any arrangement whereby American citizens would endanger the vested interests in Soviet Russia held by nationals of other countries. Please instruct.

SUSSDORFF

550.E1 Russia/58 : Telegram

The Secretary of State to the Chargé in the Netherlands (Sussdorff)

[Paraphrase]

WASHINGTON, July 14, 1922—5 p.m.

48. Legation's No. 64, July 13, 5 p.m. It is the hope of the Department that the non-Russian delegates are not contemplating in-

viting at this time the American Government to participate. In case you think that serious consideration is being given to extending such an invitation, you may express your opinion, in whatever places you deem desirable, that although this Government has followed the deliberations at The Hague with sympathy and interest, it does not consider that it would be either helpful or desirable to take part in the extension of these deliberations.

HUGHES

550.B1 Russia/59 : Telegram

*The Secretary of State to the Chargé in the Netherlands
(Sussdorff)*⁴²

[Paraphrase]

WASHINGTON, July 15, 1922—2 p.m.

49. Legation's No. 65 of July 14, 5 p.m. Inform Mr. Cattier, and if you think best the other chief delegates also, that this Government gives no countenance to any arrangements with the authorities of Soviet Russia by American citizens that would jeopardize or prejudice vested rights in Soviet Russia held by the nationals of other countries and that the American Government is fully confident that the same policy will be followed by the other interested Governments.

HUGHES

550.B1 Russia/60 : Telegram

The Ambassador in Belgium (Fletcher) to the Secretary of State

BRUSSELS, July 15, 1922—3 p. m.

[Received July 15—1:57 p.m.]

47. Subject: The Hague Conference on Russia.

Minister for Foreign Affairs informs me that the Belgian delegation is endeavoring to have inserted in the final report of the Hague Conference a clause by virtue of which the different governments will undertake not to support their nationals in negotiations which the latter may undertake with the Soviet Government with a view to obtaining concessions which may include property of which the nationals [of] another country may have been despoiled. The Belgian delegate has received the support of French, Dutch and Italian delegates. The British delegate however without answering categorically has stated that he hesitates to subscribe to this engagement in

⁴² By telegrams dated July 16, 2 p.m., the substance of this telegram was repeated to the Ambassadors in Belgium, France, and Great Britain, to be conveyed to the respective Foreign Offices.

view of the fact that the United States and Germany are not represented at the conference.

Mr. Jaspar⁴⁸ further stated that it is very desirable not to lose at The Hague part of the ground gained at Genoa; that the Belgian Government has taken the initiative of proposing the insertion in a general report of a clause to the above effect; that it seems that Sir Philip Lloyd-Greame, the English delegate, hesitates to subscribe to it because the Government of the United States is not included in this agreement; that this relates to an agreement the consummation of which is of general interest and the importance of which he believes would not be overlooked by our Government.

Minister of Foreign Affairs also said he hoped that this engagement would be incorporated in the general report of the delegates at the final plenary session, which would take place next Wednesday or at latest Friday, and that the Belgian Government, which had taken the initiative in this matter, would be very happy if the Government of the United States could see its way to support it, if only unofficially, through its Ambassador London.

Mr. Jaspar concluded by saying that he hoped that, as Belgium has defended in these negotiations principles identical with those of the United States, that the American Government will support him in this instance as requested. He would appreciate an early response.

FLETCHER

550.E1 Russia/62 : Telegram

The Chargé in the Netherlands (Sussendorff) to the Secretary of State

[Paraphrase]

THE HAGUE, July 19, 1922—11 p.m.

[Received 11:58 p.m.]

68. Conference circles are pleased at the information contained in your telegram No. 49 of July 15, 2 p.m. In view of the final exchange of notes today it is believed that the Conference will adjourn tomorrow. At the session tomorrow of the non-Russian commission an effort will be made by the Belgian and French delegates to have the countries represented in the Conference adopt a general agreement not to countenance any arrangement with the Soviet authorities by their nationals that would encroach upon the property rights in Russia of the nationals of other countries. The attitude of the United States will be cited by the Belgian and French delegates as an important argument in favor of their position. The British

⁴⁸ Henri Jaspar, Belgian Minister of Foreign Affairs.

alone, it is believed, oppose the adoption of this agreement. Aside from this movement among Conference circles, the adoption of the same policy is being considered privately by several big interests, notably the oil companies.

Considering the situation as set forth above, I think it would have a most important practical and psychological effect if the Department could see its way clear to issue a public declaration at once announcing the principle stated in its telegram of July 15, 2 p.m. Such a statement would add to our prestige and would strengthen the hands of the states and companies who are endeavoring to arrive at a fair solution of the Russian problem.⁴⁴

SUSSDORFF

550.E1 Russia/69

The Chargé in the Netherlands (Susssdorff) to the Secretary of State

[Extract]

No. 1042

THE HAGUE, July 27, 1922.

[Received August 8.]

SIR:

One of the most important results of the Conference was the adoption of a resolution introduced by Mr. Cattier containing a "non-infringement clause." The French and Belgian delegations laid great emphasis on the importance of this resolution because they feared that if the Conference terminated without the adoption of a satisfactory general agreement the Soviets would immediately seek to dispose of nationalized property in the form of concessions. The resolution in its final form reads as follows:

"The Conference recommends for the consideration of the governments represented thereon the desirability of all governments not assisting their nationals in attempting to acquire property in Russia formerly belonging to other foreign nationals and confiscated since November 1st 1917 without the consent of such foreign owners and concessionnaires, provided that the same recommendation is subsequently made by governments represented at The Hague Conference to all governments not so represented and that no decision shall be come to except jointly with these governments."

"On July 20, 1922, the Department issued the following press release:

"In reply to inquiries the American Chargé d'Affaires at The Hague was instructed on July 15th to say that the Government of the United States does not countenance any arrangements by its citizens with the Soviet authorities that would jeopardize or prejudice the vested rights of the citizens of other countries in Russia and that the United States has complete confidence that the other governments concerned will adhere to the same policy."

Mr. Cattier informed me that if he had not had the information contained in the Department's telegram No. 49, of July 15, 2 pm, he would not have been successful in securing the adoption of this resolution. Mr. Cattier stated that he desired to introduce a stronger resolution, but that the British delegates had received definite instructions from their Government that the resolution which he finally proposed was the maximum statement to which the British Government would adhere. Mr. Cattier further stated that it was quite obvious that the British delegation was not at all in favor of the resolution.

Both in Conference circles, and outside, great satisfaction has been expressed at the adoption of Mr. Cattier's resolution and it is felt that even though it will not prevent all persons from entering into agreements with the Soviets, nevertheless, it will, in many cases, act as a deterrent to the conclusion of such agreements. Great satisfaction has also been created by the Department's statement to the press regarding the attitude of the United States on the same subject.⁴³

I have [etc.]

LOUIS SUSSDORFF, Jr.

550.E1 Russia/68 : Telegram

The Ambassador in Belgium (Fletcher) to the Secretary of State

BRUSSELS, July 27, 1922—4 p.m.

[Received 4:40 p.m.]

52. Russian affairs. The Minister for Foreign Affairs has handed me today a memorandum which translated reads as follows:

"The American Government is undoubtedly familiar with the unacceptable propositions made by the representations [*representatives*] of the Soviet Government at the Hague Conference.

These proposals were rejected; the three reports of the sub-commissions of credits, private property, and debts, which were unanimously adopted by the representatives of the non-Russian powers at the Hague Conference,⁴⁴ indicate the reasons for which the propositions of the Russian delegates were rejected and enumerate the conditions upon which economic relations with Russia might be ultimately [*subsequently*] resumed.

The terms of these reports, the Genoa and the Hague Conferences being closed, mark a new step in the road to relations with Russia.

The Belgian Government considers that the conditions indicated in these reports constitute the only possible base for the resumption of economic relations with Russia.

⁴³ Quoted in footnote 44, *supra*.

⁴⁴ See Great Britain, Cmd. 1724 (1922), *Papers Relating to the Hague Conference, June-July, 1922*.

It thinks that the American Government shares its point of view in this respect and asks if the American Government after having examined these reports would not be willing to make a declaration indicating its approval of the conditions therein set forth."

I take it for granted that the Department is already in possession of the reports referred to above.

FLETCHER

550.E1 Russia/68 : Telegram

The Secretary of State to the Ambassador in Belgium (Fletcher)

WASHINGTON, August 17, 1922—3 p.m.

47. Your 52, July 27, 4 p.m. You may inform the Minister for Foreign Affairs that this Government has carefully considered the suggestions in his memorandum of July 27, 1922, and the reports of the Sub-commissions of Credits, Private Property and Debts, which were adopted by the representatives of the non-Russian powers at The Hague Conference.

The cogency and importance of these reports in their statement of fundamental principles are fully recognized. In view, however, of the fact that this Government has made its position clear with respect to Russia in a series of public declarations, notably that of March 25, 1921,⁴⁷ and its subsequent statements in relation to the Genoa and Hague Conferences, with which it is presumed the Minister for Foreign Affairs is familiar, and as this Government was not a party to the Hague Conference, it does not consider it necessary to associate itself in any formal manner with the conclusions of that Conference or that it is necessary for it at this time to make a further public statement.

HUGHES

AMERICAN PROPOSAL TO SEND AN ECONOMIC MISSION TO RUSSIA

861.50 Am 8/25

The Secretary of Commerce (Hoover) to the Secretary of State

WASHINGTON, July 14, 1922.

DEAR MR. SECRETARY: Now that the Hague Conference is over I am wondering if you are inclined to favor the idea of sending a strong, technical mission to Russia to study the economic situation.

Aside from a determination of the realities of the situation in an authoritative way there is the side issue of relief next year. A report by an independent commission on the pertinent facts as to relief

⁴⁷ *Foreign Relations*, 1921, vol. II, p. 768.

needs and resources is highly important upon which to base public activities. If the report of such a commission outlines the continued necessity for relief it furnishes a substantial background for the necessary appeal to the American people—and if not it will silence the wrongful appeals.

I recognize that the above functions are indeed secondary to the primary question of determining what purpose America can serve in the broad, economic regeneration of Russia at this or any subsequent time.

Yours faithfully,

HERBERT HOOVER

861.50 Am 3/25

The Secretary of State to the Secretary of Commerce (Hoover)

WASHINGTON, July 15, 1922.

MY DEAR MR. SECRETARY: I have received your note of July fourteenth and I am in accord.

I have been considering, and I am inclined to favor, the sending of a technical expert mission to study the economic situation in Russia. The preliminary steps are important and I shall take these under advisement.

In view of the failure of the Powers to accomplish anything of great importance at Genoa and The Hague, and on the assumption that an international expert commission would not be permitted to conduct such an investigation in Russia, the opportunity seems to be ours and we should take such action as would dispel the notion that we are indifferent, and, on the other hand, should encourage the view that we are proceeding carefully to find out the facts and shape our policy in accordance with them. This has always been the view I have entertained.

Faithfully yours,

CHARLES E. HUGHES

861.50 Am 3/—b : Telegram

The Secretary of State to the Ambassador in Germany (Houghton)

[Paraphrase]

WASHINGTON, July 24, 1922—4 p.m.

102. The advisability of attempting to arrange with the Soviet authorities for the sending into Soviet Russia of an American commission of technical experts to study and report to the American Government regarding economic conditions there is receiving con-

sideration. Such a visit would provide trustworthy information for American business men. Because of the danger that such a proposal will create in Europe the impression that the United States is starting a scramble for concessions, it is important to learn in advance whether or not the Soviet authorities intend to allow an international commission of this nature to enter Soviet Russia. Before proposing to send an American commission, we should have exact information that an international commission of experts would not be received. If an international body would not be welcome, in view of the practical failure of the negotiations at Genoa and The Hague, it would seem that the opportunity is ours to determine what can be done in a business way to improve economic conditions in Russia.

I wish you to take an early opportunity to discuss the matter with Krassin⁴⁸ privately and informally. First try to make sure that the Soviet authorities will not admit an international commission and then suggest that possibly the American Government might consider sending such a commission as described above if the necessary facilities were offered. The commission would consist of real experts representing agricultural, industrial, transportation and other activities. They would be men whose thoroughness and impartial judgment could be relied upon.

HUGHES

561.50 Am 3/2 : Telegram

The Ambassador in Germany (Houghton) to the Secretary of State

[Paraphrase]

BERLIN, July 28, 1922—5 p.m.

[Received July 29—6:47 a.m.]

148. Department's number 102 of July 24, 4 p.m. At present Krassin is in London. When it is possible, I will arrange meeting. In the meanwhile I suggest the following:

I have had the opportunity during the past three months to discuss intimately the Russian situation with leaders of all shades of opinion. On the one extreme there are those like General Hoffmann and Rochberg who are in favor of immediate armed intervention in order to destroy the Soviet Government, considering such action necessary for the safety of the world. At the other extreme are those like Deutsch and Stinnes who look upon Soviet Russia as potentially the greatest existing system and who are in favor of immediately opening trade, which they think carries with it any necessary security *per se*. I have talked with the former German Military

⁴⁸Leonid Borisovich Krassin, Soviet Commissar for Foreign Trade.

Attaché at Petrograd, Von Schubert, and with a number of men who in the past have done business in Russia but who are unable to get into satisfactory relations with the Soviets for various reasons. I have also talked with travelers, correspondents and the like.

I met Chicherin^{*} ten days ago. He considered differences between himself and the Secretary of State were largely verbal. He believes that private property is now established in Soviet Russia, at least to the extent it ever will be, and all big business will undoubtedly be owned, controlled and managed by the state in the future. He could not understand why the Secretary of State did not utilize the present opportunity to secure concessions. As regards security, Chicherin said that the Soviet Government had always lived up to its pledges and that it always would. He insisted that the Soviet Government was created by the popular will, although he admitted that by popular will he meant a majority of selected groups, not a majority of all the citizens. Chicherin talks and acts like a broken man. Opinion here, in which I share, is that he still plays an important role, but there are persistent rumors that he fears to return to Moscow owing to the failure at Genoa. His departure has been constantly postponed at any rate. In our interview I limited myself to asking questions.

I had a long conversation yesterday with Batolin, who was formerly one of the big industrialists of Russia. As he has been promised the restitution of three-fourths of his property if he will return to Russia and give his services to the economic reconstruction of the country, he is extremely cautious in his talk. He is, however, definitely outspoken on two points. He declares that the Soviet Government still is in a process of formation, the outcome of which it is not safe to predict, and that there does not exist in Russia any real security for investment. He also recommends a policy of waiting.

I therefore venture to offer my own conclusions as follows:

1. The Soviet Government will continue in some form to hold power indefinitely. It does not need money for existence but to make it possible to carry out its economic plans. The group now in power is willing and anxious to sell concessions for limited periods in order to gain the money needed and to carry out its economic plans.

2. At any time this group may be changed, e. g., by the incapacity or death of Lenin, and a new group with opposing views and slightly different personnel may come into power.

3. The safety of investments in Russia will depend not only upon the good will of a certain group but also upon that group continuing in power.

^{*} George V. Chicherin, Soviet Commissar for Foreign Affairs.

4. There is now in process a struggle for power in which apparently the conservative element is winning.

5. There is no sound basis for action until the internal situation in Soviet Russia becomes clear and a new and reasonably permanent government establishes itself.

Doubtless there are opportunities for exploitation in Soviet Russia. These could be more sharply defined by technical men. It is, however, impossible for such a committee to supply us with the information we need most, i.e., the exact political situation. Only time can do that.

I therefore think that the only safe policy for us is to remain inactive for perhaps a year longer. In that time we doubtless will hear much about inroads being made by Great Britain and Germany. I am, however, unable to learn whether either the British or Germans have actually invested any large amounts of real money in Russia. The danger in the plan which is proposed is not that Europe may believe that the United States is entering upon a scramble for concessions but that Russia may consider it a basis for negotiating regarding our fundamental position. In that case the possibility that the Soviets would yield further would be lost. Such action by us would, moreover, directly tend to strengthen the group which now holds power in Russia.

HOUGHTON

861.50 Am 3/4 : Telegram

The Ambassador in Germany (Houghton) to the Secretary of State

[Paraphrase]

BERLIN, August 1, 1922—5 p.m.

[Received 9 p.m.]

150. On the invitation of John Callan O'Laughlin⁵⁰ I had lunch this noon with Krassin. O'Laughlin received word from Chicherin that he would come with Krassin as he also wished to talk with me. I did not object and Chicherin came.

Krassin and Chicherin were in agreement that it was not possible to have an international committee, because it would consist of interests that would be competing and mutually antagonistic and because the Russian people would fear that the establishment of an international committee meant that ultimately there would be a protectorate. Krassin and Chicherin both said that a technical commission from the United States of the nature outlined, representing basic industries, would be welcome provided it did not seek to enter

⁵⁰ American journalist.

disturbed areas or meddle in politics. However they both agreed that they were without any authority to speak for the Soviet Government. Finally Krassin proposed that if I would cable and find out whether you desired to send such a commission, he and Chicherin would get in touch with Moscow at once to learn its decision. Then we could have another meeting. Since I had discussed the committee as an idea of my own, due to Chicherin's presence, I agreed to this suggestion. The above was the only matter of interest in our meeting, although there was much general conversation. Krassin goes to Moscow tomorrow morning by airplane. Chicherin told me he was staying here two weeks longer.

HOUGHTON

861.50 Am 3/7 : Telegram

The Ambassador in Germany (Houghton) to the Acting Secretary of State

[Paraphrase]

BERLIN, August 29, 1922—4 p.m.

[Received August 30—2:48 a.m.]

173. Department's No. 102 of July 24, 4 p.m., and my No. 150 of August 1, 5 p.m. This morning I received the following letter which was marked "personal":⁵¹

Berlin, August 28, 1922.

Sir: I am instructed to declare that the Russian Government is quite willing to allow any American business men or groups of business men, on the same footing as those of other countries which are in permanent relations with Russia, to enter Russia for the purpose of conducting negotiations relative to concessions, trade and other economic questions. As for the admission into Russia of an American committee of experts or of inquiry, which would obviously be a step of greater bearing, involving much more difficult issues, the Russian Government would consent thereto if a certain reciprocity was admitted; namely, if Russian commercial delegates were allowed to visit the United States of America in order to study the American market and trade conditions.

In a general way I am instructed to declare that the Russian Government would welcome with joy the beginning of trade negotiations with the American Government and would be glad for that purpose both to be able to send a Russian trade committee to America, or else to invite an American committee to come to Moscow.

I remain, Sir, yours most respectfully,

(signed) George Tchicherine

I request telegraphic instructions if you desire to have me discuss the matter further with Chicherin. It is reported that Krassin will

⁵¹ The text of the letter is not paraphrased.

be here tomorrow morning. I suspect that there will be no particular difficulty in obtaining permission for an expert commission such as suggested in your telegram under reference to enter Russia, with certain restrictions, without our giving reciprocal permission. I am reluctant to proceed further, in view of my 140 [148], July 28, 5 p.m., unless I receive definite instructions.

HOUGHTON

861.50 Am 8/6 : Telegram

*The Acting Secretary of State to the Ambassador in Germany
(Houghton)*

[Paraphrase]

WASHINGTON, August 29, 1922—5 p.m.

115. Our 102 of July 24, 4 p.m. Department now believes that although we should be ready to make an impartial economic investigation at any time when it may appear feasible, the better way would be not to press the matter at present but to let the proposal come from the Moscow authorities. Then we can make our conditions.

PHILLIPS

861.50 Am 8/7 : Telegram

*The Acting Secretary of State to the Ambassador in Germany
(Houghton)*

WASHINGTON, August 30, 1922—6 p.m.

116. [Paraphrase.] Your 173 of August 29, 4 p.m. Do not give written answer to Chicherin letter. In case he wishes to call upon you you may again tell him what it is believed you have already intimated to him, i.e., that the United States might give favorable consideration to the sending into Russia of a commission of technical experts provided there was assurance of the necessary facilities for investigation. No discussion of negotiations regarding economic or political matters or of the sending of a Soviet trade delegation to this country can be permitted. If a commission is sent to Russia it will be strictly a commission of experts with no authority whatever aside from the making of an investigation and report. [End paraphrase.]

The following statement is being given to the press at Washington today:

“In reply to inquiries concerning a statement reported to have been made at Moscow regarding informal overtures by the American Government to the Soviet authorities looking to the sending of an investigation commission to Soviet Russia, it was explained at the State Department that the American Ambassador at Berlin had

made inquiries with regard to the attitude of the Soviet authorities should this Government consider sending to Russia in the future an expert technical commission to study and report on the economic situation there. There has been no question at any time of sending any commission to Russia, other than an economic commission of experts to investigate and report."

PHILLIPS

861.50 Am 8/9 : Telegram

The Ambassador in Germany (Houghton) to the Acting Secretary of State

[Paraphrase]

BERLIN, September 2, 1922—4 p.m.

[Received 9:45 p.m.]

176. Your telegram No. 116. I had interview with Chicherin this afternoon. I told him that we could not entertain his reciprocity suggestion nor could we consider question of negotiations. I said we should simply like to know the attitude of the Soviet authorities, should this Government give favorable consideration to the question of sending to Russia a commission of technical experts to investigate economic conditions. Chicherin replied that he would attempt to find out by wire but that he was going to Moscow soon in any event and would there discuss the matter, which he personally viewed as being of the highest importance. He said he would promptly inform me as to the result. Chicherin added that prior to my interview with him the Moscow authorities had been informed by the Far Eastern Republic representative ^{51a} in Washington that the United States would make a proposal to the Soviet authorities regarding a commission.

HOUGHTON

861.50 Am 8/17 : Telegram

The Ambassador in Germany (Houghton) to the Acting Secretary of State

[Paraphrase]

BERLIN, September 16, 1922—4 p.m.

[Received September 17—12:40 p.m.]

187. This afternoon Chicherin handed me the following statement. He prefaced the statement by saying that if the prospect of Russian competition in grain alarmed the agricultural bloc, such

^{51a} Boris E. Skvirsky.

fear was needless as the industrial development of Russia would probably bring about the consumption by Russia of her own products. However, if American capital for the industrial needs of Russia was not provided, then doubtless the surplus crop would be exported in good years while in bad years the crop would be consumed at home. The following is the statement which Chicherin handed me:²²

"The Russian Government is interested in the highest degree in every step which can bring nearer the reestablishment of commercial relations between Russia and the United States of America. It is evident that such commercial relations must be based upon equality of rights and reciprocal benefits. The Russian Government is therefore ready to begin at once preliminary official exchange of opinions as to reopening of regular relations with a duly authorized American delegation. The Russian Government is in the same measure disposed to carry on such discussions in Russia, in the United States or in any third country. The Russian Government would eagerly welcome any measure which being based upon mutual interest and equality would allow both the United States and Russia to acquire the necessary information as to the business conditions of the two countries. The wish of the Russian Government is to create permanent and solid business relations between Russia and America. It is from this viewpoint that Russia cannot consider as a measure promoting the desired end the nomination of an American committee of inquiry for Russia which would put Russia in a condition of inferiority. Russian public opinion would evidently consider such a nomination by one of the two governments of a committee of inquiry for the other country as an infringement to the equality of rights of free peoples. The result would be that feelings would be engendered which would be scarcely helpful to the consolidation of useful business intercourse between the two countries. The Russian Government thinks that the American Government having gathered ample information about the internal conditions in Russia with the help of officials of the Relief Administration and through many other channels, will be in a position, if it considers that the time has come for furthering new issues as to Russian trade, to propose forms of intercourse in conformity with equality of rights, and on this basis it will always find on the part of Russia the most eager desire to meet its wishes."

I told Chicherin briefly that since apparently the Soviet Government felt that it was not possible to admit a commission of technical experts to make a study and report upon Russian economic conditions, there seemed to be nothing more to say. Chicherin replied that if at a later time after he returned to Moscow the American Government had other proposals to make, of course he would gladly consider them. I told him that I had no knowledge of any other proposals and terminated the conversation.

²² The statement is not paraphrased.

I was told this morning by De Bach, formerly the Counselor at the Russian Embassy in Washington, that he had heard from several Moscow sources that the Soviet authorities were jubilant at our proposal and were saying that now the ice was broken. Other sources of information confirm this report. Since Chicherin has released this statement to the press and is evidently seeking all the publicity possible, I suggest that we make a public acknowledgment in the briefest possible form. I believe that so far the only result of our proposing a commission has been to convince the Russians that the United States is changing its attitude.

HOUGHTON

861.50 Am 3/17 : Telegram

*The Acting Secretary of State to the Ambassador in Germany
(Houghton)*

WASHINGTON, September 18, 1922—5 p.m.

122. Your 187, September 16, 4 p.m. A public announcement is being made that in view of Soviet refusal matter is now considered to be terminated.

PHILLIPS

861.50 Am 3/29 : Telegram

The Special Mission at Lausanne⁵³ to the Secretary of State

[Paraphrase]

LAUSANNE, December 11, 1922—2 p.m.

[Received 9:50 p.m.]

87. We have received indirectly from Chicherin intimations which indicate that he is intensely desirous of again informally negotiating to have an unofficial commission sent by the United States to Russia to obtain information and for other purposes. Ambassador Child believes that information which can be obtained from other sources is sufficient for the present purposes of the United States. He thinks that Lausanne is not the place in which to entertain this suggestion and that the only purpose which could be confidently predicted is increased Soviet propaganda and prestige.

AM[ERICAN] MISSION

⁵³ The Ambassador in Italy (Child) and the Minister in Switzerland (Grew) had been instructed to be present at Lausanne as observers during the sessions of the conference for negotiating peace between the Allies and Turkey.

861.50 Am 8/29 : Telegram

The Secretary of State to the Special Mission at Lausanne

[Paraphrase]

WASHINGTON, December 12, 1922—7 p.m.

43. Mission's 87, December 11, 2 p.m. Belief that you should carefully avoid this question at Lausanne has our approval.

HUGHES

APPEAL TO PRESIDENT HARDING ON BEHALF OF TIKHON, PATRIARCH OF THE RUSSIAN CHURCH, ON TRIAL BEFORE A SOVIET TRIBUNAL

861.404/22

The Russian Ambassador (Bakhmeteff) to the Secretary of State

The Russian Ambassador presents his compliments to the Honorable, the Secretary of State and has the honor to request to bring to the attention of the President the enclosed letter from Archbishop Alexander, together with an appeal of several high dignitaries of the Eastern Orthodox Church in the United States of America, headed by His Grace Metropolitan Platon, relative to the reported trial of His Holiness Tikhon, Patriarch of Moscow and All the Russias.

These documents have been received by the Russian Embassy with the request to submit them to the President.

WASHINGTON, May 15, 1922.

[Enclosure 1]

Archbishop Alexander to President Harding

NEW YORK, 12 of May, 1922.

MY DEAR MR. PRESIDENT: With the vivid recollection of your earnest Christian attitude toward the tremendous responsibility resting upon you that was so clearly manifested to me in audience you were so kind as to grant me, which attitude was further emphasized in your cordial reply to the memorial I then presented you, I have no hesitation in forwarding to you the enclosed appeal of my fellow Bishops, of the Metropolitan of Odessa and Gherson, now a refugee with us in America, and myself.

As your Excellency will see, we are appealing not so much for the life of one man, though that is dear to us, but for the life of the largest single group of Christians in the World; our appeal is that Christ may not be driven from Russia and our people there

brown back into the barbarism of Anti-Christ as well as steeped in the poison of anti-social doctrine.

May this letter find you in perfect health, and may God preserve you in the same, is the prayer of

Your fellow servant,

ALEXANDER

*Archbishop of the Aleutian Isles
and No. America*

[Enclosure 2]

*The Hierarchy of the Holy Eastern Orthodox Church in America
to President Harding*

NEW YORK, May 12, 1922.

We, the Hierarchy of the Holy Eastern Orthodox Church, consisting of the Archbishops and Bishops in charge of the American work [of] the Church amongst peoples of Greek, Syrian, Russian, Serbian, Carpatho-Russian, Roumanian, Albanian, Bulgarian, and kindred descent, many of them native born American citizens, many others legalized citizens, together with the recent immigrants, In Conference assembled, invoking the aid of Our Common Father in Heaven, the God of us all, do herewith set forth this, our humble and earnest appeal and petition to

HIS EXCELLENCY, THE MOST HONORABLE

DOCTOR WARREN G. HARDING,

President of the United States:

MAY IT PLEASE YOUR EXCELLENCY

that we remind you of the two millions of Orthodox Church people now resident in the United States, on whose behalf we, their chief Pastors, appeal to you to save the life of their and our venerable Patriarch, Head of the Russian Orthodox Church, and the last remaining barrier against the total submerging of that onetime great nation in the maelstrom of organized anarchy which now has the Russian people in its powerful grip.

By public press and from other sources we have learned that His Holiness, Tikhon, Patriarch of Moscow and All the Russias, is on trial for his life before the so-called Revolutionary Tribunal in Moscow on the specious charge of inciting the Faithful to riot in that he would not, and could not in duty to his sacred oath, license the total destruction of all means for the perpetuation of the Sacraments and other Rites of Holy Religion by sanctioning the sacrilegious seizure of the intrinsically valueless vessels used in the celebra-

tion of the Holy Communion, Baptism, and other sacred forms of Divine Worship.

The charge that vast treasures were being withheld by the Church from the use of the starving people of the land is false. Long since what few treasures had escaped the sack of all sacred places by mobs had been sacrifices to this very cause of succoring the needy and in maintaining the fabric of worship since all funds of the entire ecclesiastical structure of a Church of about one hundred and twenty five millions communicants had been "confiscated" by the present regime. On pretense of seizing "treasures" the anti-christian forces now in control have attempted to prevent the Church from performing her ritual functions and thus to abolish the external forms of worship.

The refusal of His Holiness, with death as the alternative, to act as accomplice in this crime against the conscience and soul of a people, as well as his refusal to play the part of Pilate and wash his hands of responsibility when his frantic people asked his advice and guidance, is heroic evidence of his loyalty to God and to Right. For this he is now on trial before a judge and jury of atheists; his real crime is that he represents Religion! Thus,—we beg Your Excellency to believe, it is Religion,—Christianity, that is on trial in the person of His Holiness, Tikhon, Patriarch of Moscow.

Need we point out to you, Sir, that while a Church must be destroyed, that a mass of plated vessels for altar use be gathered in behalf of the poor famine sufferers, these same destroyers are spending appalling sums in the maintenance of an army arrayed avowedly against civilization, and countless sums are expended in the propaganda of world revolt against the structure of society?

God forbid that one paltry jewel remain in the custody of the Church authorities of Russia as long as one of the least of all Russians is starving because of the need of that jewel! It is but more of the vicious propaganda aimed at all decency that fabricates the lie that the Church of Christ is hording valuable baubles while the Poor of the Master are starving.

We deny this miserable imputation against the honor of our confreres of the Russian clergy. Stripped clear of deceit, this last outrage against Religion and Christ in Russia, coupled as it is with the recent decree that no person under eighteen years of age may be taught anything whatever of religious principle, is seen to be the great and desperate attempt of the agents of Anti-Christ to destroy the Church completely before the hoped-for resumption of international relations shall bring these present rulers of Russia under the scrutiny and coercive judgement of civilized nations.

Whatever may be the destiny of the Slav, and great thinkers predict a great future for this people, will the world profit to have an anti-Christian as well as an anti-social power to deal with? The one organized body left in Russia is the Orthodox Christian Church; this body alone has withstood the assaults of the Terror-ruling regime, and it alone holds the traditional life of Russia in keeping ready for that morn when, as after a night of horrid nightmare, the Nation shall awake to better and greater days! Bolshivism is not safe in Russia as long as the Church remains! It was the Church that brought the Russian Nation into being; two of her Bishops created the very written language of the people. Once before after years of black misery and defeat, when all the country had been conquered, it was the Church which rallied the people and brought the Nation back to life again. In gratitude the people called the then Patriarch's son to be their Tzar, and thus began the House of Romanoff. Bolshivism cannot last if the Church remains,—therefore this trial of the Patriarch,—“Smite the Shepherd and scatter the sheep!”

This calamity for Russia and for the world, You, Sir, may prevent! Behind you rallies the greatest Christian people in Christendom's history. For the sake of our brethren, but more for the sake of Christ in the world, we send you this, our prayerful appeal, asking that you exercise your great privilege and see to it that Christ be not taken away from a suffering people despoiled of all else.

We ask you to believe that our love for America prompts this appeal equally as much as does our love for our fellow believers in our section of Christ's Church. Those of us who are of Russian blood and those of us who love Russia, look forward to the Russia of tomorrow, an awakened and gentle Giant of the North, fit and culturally inclined to be the friend of America. We dread, not only for Russia's sake but for America's, a Slavic horde, powerful, but Godless, which, like Genghis Khan, or Attila, may sweep down upon civilization like the hordes led by those barbarians of old. And this we know: Take the white Christ of Russia away from the people, and back again into the darkness of barbarism will they be plunged. A godless Russia means a war-worn world for generations.

Your Excellency will, we trust, pardon this lengthy communication; we have the temerity to send you so prolonged a statement for we know you do not despise the anxieties of those over whom you have been chosen leader and ruler. That of which we write is to our minds, taught by our consciences, a matter of historic import. You are one of those whom God has permitted to fashion in some manner and form events of today that will be the history

of tomorrow. Our appeal to you, therefore, we are assured you will find worthy of consideration. If the voice of Christian America will but sound, there will be saved a Christian world.

Praying Almighty God's blessing upon you, upon those of your own household and upon your administration, with all respect, we are,

PLATON

*Metropolitan Archbishop of
Odessa and Gershon*

ALEXANDER

*Archbishop of the Aleutian Isles
and No. America*

ALEXANDER

*Bishop of Rodostolos and Acting
Archbishop of the Hellenic
Archdiocese of No. and So. America*

AFTIMIOS

*Bishop of Brooklyn and Head of
the Syrian Church in North America*

STEPHEN A. DZUBAY

*Bishop of Pittsburgh and Head of
the Carpatho-(Ughro) Russian
Mission in North America*

861.404/22

The Secretary of State to President Harding

WASHINGTON, May 18 [17], 1922.

MY DEAR MR. PRESIDENT: I beg to send you herewith, at the request of the Russian Embassy, a letter addressed to you by Archbishop Alexander of the Russian church in America,⁵⁴ enclosing an appeal from the church hierarchy on behalf of the Patriarch of the Russian church, who, it is reported, is about to be placed on trial in Moscow charged with resisting the requisition of church treasures by the Soviet authorities.

The general situation to which the appeal relates is undoubtedly one of the most important recent developments in Russia, but I do not perceive that there is anything which this Government can do in the premises.

I take the occasion to send to you also a petition, in printed form, addressed to you in connection with this same matter, by the Serbian church at Lebanon, Pennsylvania.⁵⁵ A considerable number of peti-

⁵⁴ *Supra.*

⁵⁵ Not found in Department files.

tions in the same form are now being received in the Department from various Greek Orthodox congregations. I assume that it will suffice to send you this one copy.

Faithfully yours,

CHARLES E. HUGHES

861.404/35

President Harding to the Secretary of State

WASHINGTON, May 20, 1922.

MY DEAR SECRETARY HUGHES: I have yours of May 17, in which you enclose to me the letter of Archbishop Alexander of the Russian Church in America making an appeal from the church hierarchy on behalf of the Patriarch of the Russian Church who is about to be placed on trial in Moscow on the charge of resisting the requisition of church treasures by the Soviet authorities. However much one may sympathize with the appeal I do not see that there is anything which we may do about it. I assume, therefore, that your acknowledgment of the petition is the only action which may be taken.

Very truly yours,

WARREN G. HARDING

JAPANESE EVACUATION OF THE MAINLAND OF SIBERIA¹ AND THE UNION OF THE FAR EASTERN REPUBLIC² WITH SOVIET RUSSIA

861a.01/208

The Chief of the Division of Russian Affairs, Department of State (Poole) to the Secretary of State

[WASHINGTON,] January 5, 1922.

MR. SECRETARY: Mr. Kolesnikoff, Minister of Foreign Affairs of the so-called Pri-Amur Provisional Government at Vladivostok, called this morning at the Russian Division in company with Mr. J. K. Okulitch, of Boston, who describes himself as Plenipotentiary Representative of the Pri-Amur Government in this country. Mr. Kolesnikoff presented his credentials from the Pri-Amur Government, of which I took informal note, as in the case of the other representatives of unrecognized governments. I explained to Mr. Kolesnikoff that he might deal with the Russian Division and that we would be glad to receive such information or comments as he might care to contribute with respect to the situation in Eastern

¹ For the beginning of Japanese military action in Siberia, see *Foreign Relations*, 1918, Russia, vol. II, pp. 324 ff.

² For the establishment of the Far Eastern Republic, see *ibid.*, 1920, vol. III, pp. 545 ff.

Siberia. He was entirely correct in his attitude; said that his government did not pretend to recognition at this time; and said that he would be very happy to deal with the Russian Division in the way suggested.

The question of the allegations of the Chita delegation of a Franco-Japanese understanding respecting Siberia coming up in the course of our conversation, Mr. Kolesnikoff contributed the following information:

Last July the Far Eastern press reported extensively that the Wrangel army would be transferred to the East. Kolesnikoff thereupon made inquiries of Kroupensky, the old Russian Ambassador at Tokyo, and Maklakoff at Paris.⁵⁸ Kroupensky replied that he took the question up with the Japanese Foreign Office and was assured that nothing of the kind was under discussion. Maklakoff replied from Paris that the reports were without foundation. Subsequently, in October, one ship, the *Franz Ferdinand*, arrived at Vladivostok with Russian refugees from the Near East comprising 900 in all, including women and children. The only military elements were 200 sailors from the Russian Caspian fleet and 100 Ural Cossacks, the remnant of a large body of Cossacks who had trekked from Russia through Persia into Mesopotamia. All these refugees were transported to Vladivostok not by the French but by the British Government and the British Government paid the local Vladivostok Government 3000 yen to meet the expenses of their maintenance immediately after they were put on shore.

The foregoing tends very strongly to dispose finally of the alleged Franco-Japanese agreement as a fabrication. The alleged agreement between Japanese military representatives and Semenov, on the other hand, is probably founded upon fact, in Mr. Kolesnikoff's opinion, and I am of the same view. You have no doubt noted the long explanation which Baron Kato made to the press concerning Japanese cooperation with Semenov.

Respectfully,

D. C. POOLE

861a.01/184 : Telegram

The Ambassador in Japan (Warren) to the Secretary of State

[Paraphrase]

TOKYO, January 26, 1922—6 p.m.

[Received 9:42 p.m.]

13. In frequent conversations regarding Siberia with Uchida⁵⁹ I have again and again urged upon him the wisdom of evacuating

⁵⁸ V. A. Maklakov was appointed Russian Ambassador in Paris in 1917 by the Provisional Government. Krupensky was an Imperial appointee.

⁵⁹ Count Yasuya Uchida, Japanese Minister for Foreign Affairs.

the Japanese Army from Siberia or of gradually decreasing the Japanese forces there so as to improve the position of Japan before the world in view of the statement issued at the time when the troops were originally sent to that country. He has consistently insisted that when a commercial treaty is concluded with the Far Eastern Republic and stable conditions are established the Japanese forces will be withdrawn from Vladivostok. As reported in previous despatches this agrees with declarations by Hara⁶⁰ and by Hanihara⁶¹ and also with the most recent official War Department statement which was transmitted in my No. 416 of December 11.⁶²

Uchida's most recent statement was made at the opening of the Diet. On that occasion, speaking for the Government, he reiterated his former declarations regarding the evacuation of the troops and the lack of desire to annex territory or to obtain exclusive concessions, etc. Nevertheless our representative at Vladivostok has consistently reported actions by the Japanese military command in Siberia intended to complicate conditions so as to make it necessary for Japan to retain the troops and to set up some form of governmental authority.

Although apparently the only course to pursue is to accept Japan's declaration and agreement at the Washington Conference to withdraw when conditions are stable . . . , some observers in Siberia are of the opinion that the Japanese military commanders there are considering some important move soon which should be checked by a vigorous protest against acts so at variance with the policies announced by Japan.

WARREN

123.C12/145a : Telegram

The Secretary of State to the Ambassador in Japan (Warren)

[Extract]

WASHINGTON, February 7, 1922—5 p.m.

15. Instruct Caldwell⁶³ to return to Tokyo to assume duties as Japanese Secretary. Instruct Vice Consul Thomas to remain at Chita, replacing Caldwell. Inform him that Major Faymonville sailed from San Francisco February 5th and will proceed to Chita via Manila and Peking, reaching Chita about April 15th.

HUGHES

⁶⁰ Takashi Hara, late Japanese Prime Minister.

⁶¹ Masanao Hanihara, Japanese Vice Minister for Foreign Affairs.

⁶² *Foreign Relations*, 1921, vol. II, p. 716.

⁶³ John K. Caldwell, consul, arrived at Chita on detail Nov. 2, 1921.

861a.01/190 : Telegram

The Ambassador in Japan (Warren) to the Secretary of State

[Paraphrase]

TOKYO, February 10, 1922—11 a.m.

[Received February 12—10:50 a.m.]

26. Department's 10 of January 31, 1 [7] p.m.⁶⁴ Following from Caldwell February 6, 11 p.m.:

"Minister for Foreign Affairs informed me today in reply to my inquiries that the Japanese delegates at Dairen⁶⁵ on January 19 presented demands much the same as those reported in my telegram No. 15 of December 22, 9 p.m.⁶⁶ The Russians consider these demands so unacceptable that since January 19 negotiations have been practically suspended. It is stated by the Minister that the latest demands of the Japanese are essentially the same as their original demands but lacking the reestablishment [of relations?] which at one time the Japanese seemed willing to make.

1. The Japanese demand that there must be assurances in the agreement that the Far Eastern Republic will not allow a communistic form of government within its borders.

2. The Russians have insisted that a commission be formed to arrange matters this year regarding fishing rights irrespective of the conclusion of any other treaty or agreement between the Far Eastern Republic and Japan. This is to prevent the Japanese repeating their actions of last year. The Russian proposal includes the placing of a representative of Soviet Russia upon this commission. The inclusion of a Soviet representative is objected to by the Japanese who also propose that the commission be formed immediately but that it shall not function until a general agreement or treaty is signed.

3. Rights of navigation upon the Sungari and Amur Rivers are insisted upon by the Japanese.

4. The Japanese demand the destruction of all Pacific coast fortifications.

5. The Japanese also demand that responsibility for the Nikolaievsk massacre be accepted by the Far Eastern Republic, Japanese soldiers to remain in Sakhalin until settlement is made.

The following is the situation with respect to the other Japanese demands reported in my telegram of December 22, 9 p.m.:

The Far Eastern Republic representatives have proposed that where rights acquired by Japanese in Sakhalin were obtained legally and where the Japanese can prove title, such rights be recognized. The Japanese demand to have troops in Russian territory is not being insisted upon. The latest Japanese note does not contain the demand that with respect to industry and commerce Japanese sub-

⁶⁴ Not printed.

⁶⁵ The conference at Dairen between representatives of Japan and the Far Eastern Republic opened Aug. 26, 1921.

⁶⁶ Transmitted in telegram no. 433 from the Ambassador in Japan, Dec. 24, 1921, *Foreign Relations*, 1921, vol. II, p. 719.

jects shall have as favorable treatment as citizens of the Far Eastern Republic. However, this demand may be repeated later as the note states that there are a number of points of lesser importance reserved for later discussion.

In commenting upon these demands the Minister for Foreign Affairs contrasted them with the declaration made five days later by the Japanese Ambassador at the Conference on the Limitation of Armaments. The Minister for Foreign Affairs referred to the treaty [omission] to Japan. He fears this may be connected with negotiations to recognize agreement made by Japan to increase and support reactionary Russian military forces in the eastern part of Siberia."

WARREN

861.00/9290 : Telegram

The Ambassador in Japan (Warren) to the Secretary of State

TOKYO, February 17, 1922—10 a.m.

[Received 3:15 p.m.]

29. Following from Vladivostok:

"February 16, 6 p.m. Kappel troops ^{as} 12th forced to retire before Red forces from Habarovsk have taken position at River Amur. Japanese Army apparently much concerned report 10,000 Red against 4,000 White troops. If forced to retire through the Japanese zone of operation Kappels will undoubtedly be disarmed.["]

WARREN

861a.01/202

The Chairman of the Special Trade Delegation of the Far Eastern Republic to the United States (Yazikoff) to the Secretary of State

WASHINGTON, March 1, 1922.

SIR: I am enclosing herewith a copy of a Note sent by Mr. Janson, the Minister of Foreign Affairs of the Far Eastern Republic to the Minister of Foreign Affairs of the Japanese Imperial Government on February 10th, 1922.

I beg [etc.]

A. YAZIKOFF

[Enclosure]

The Minister of Foreign Affairs of the Far Eastern Republic (Janson) to the Japanese Minister of Foreign Affairs (Uchida)

The Government of the Far Eastern Republic has been informed that on January 23rd, when the Siberian question was being dis-

* White Russians, taking their name from Gen. V. O. Kappel of the Siberian Army, who died in January 1920 in the retreat following the defeat of Kolchak.

cussed by the Committee on Far Eastern Affairs at the Washington Conference on the Limitation of Armament, Baron Shidehara stated that the Japanese Delegation was authorized to declare that Japan had decided on a fixed and settled policy in respect to Russia's integrity, to observe the principle of non-interference with Russia's domestic affairs and also the principle of equal trade opportunity for all nations in every part of the Russian possessions.

The Government of the Far Eastern Republic expresses deep satisfaction with the principles of Japan's policy as outlined in Baron Shidehara's statement. The Government of the Far Eastern Republic believes that these principles must be made the foundation for any future relations between Japan and the Far Eastern Republic and hopes that the Japanese Government will be guided by these principles in settling the question of the evacuation of Japanese troops and in discussing the agreement between the Japanese Imperial Government and the Far Eastern Republic at Dairen.

To be exact and explicit the Government of the Far Eastern Republic must, however, state that the proposed Japanese draft of agreement consisting of seventeen articles and three supplementary ones presented on September 26th, 1921, is not in accord with the principles declared by Baron Shidehara concerning non-interference in domestic affairs and the principle of equal opportunities for all nations. Likewise these principles are in contradiction with the verbal note presented by the Japanese Delegation to the Far Eastern Republic Delegation at Dairen on January 15th, 1922, embodying Japan's final conditions of agreement.

The Government of the Far Eastern Republic believes that the systematic assistance rendered by the Japanese authorities to Russian counter-revolutionaries in the Maritime Province cannot be regarded as consistent with the declaration regarding non-interference in Russian affairs.

The Government of the Far Eastern Republic has definite information that the Japanese military command, besides the arms previously delivered to the so-called Merkulov⁹⁹ army, also supplied it for the Khabarovsk attack with 12,000 rifles, 6 artillery guns, 50 machine guns and other materials and supplies.

A considerable quantity of Remington rifles and other arms were in the Vladivostok military stores when the Far Eastern Republic's authority extended to Vladivostok. These stores were controlled by Japanese forces and the Japanese military command refused to deliver them to the authorities of the Far Eastern Republic. After Merkulov's *coup d'état* the Japanese command continued to guard

⁹⁹ Spiridon V. Merkulov, president of the Provisional Priamur Government.

these stores and the Japanese Government's diplomatic representatives at Dairen repeatedly assured the Government of the Far Eastern Republic that under no circumstances would the arms be delivered to military organizations in the Maritime Province, hostile to the Far Eastern Republic.

However, these arms have been distributed among counter-revolutionary organizations. This is proved by the presence of a great number of rifles of the above make and origin in the hands of counter-revolutionary detachments near Khabarovsk where the armoured train "Orlik" which was previously under Japanese control was also found.

The activities of the Japanese occupationary forces on the territory of the Far Eastern Republic are incompatible with the avowed principles. The following incidents may serve as illustrations: On February 6th, a Japanese detachment of 50 men occupied the village of Brovnichi on the Suchan River and after searches arrested several Russian peasants. In the village of Spaskoye, the Japanese commander requested that the priest of that village obey his rude, insolent demands and after arresting him, beat him severely. These and a series of similar incidents can be quoted as characteristic of the actions of the Japanese officials on the territory of the Far Eastern Republic occupied by the Japanese. No steps have been taken by the Japanese Government regarding the evacuation of the Maritime and Saghalien Provinces. Despite the Japanese Government's numerous statements, its troops continue to occupy Russian territory and lately, it has been noticed that their numbers are increasing.

The Government of the Far Eastern Republic believes that even disregarding the Japanese officials' behaviour and their treatment of the Russian population, the mere presence of Japanese troops on Russian territory cannot be regarded as respect for Russia's territorial integrity nor the principle of non-interference.

The Government of the Far Eastern Republic wishes to receive a statement of the Japanese Government whether it considers the above stated facts as consistent with the principles of territorial integrity, non-interference and equal opportunity for all nations on Russian territory, or whether Baron Shidehara's statement is contrary to the Japanese Government's policy in the Russian Far East.

JANSON

CHITA, *February 10th, 1922.*

861a.01/201 : Telegram

The Ambassador in Japan (Warren) to the Secretary of State

[Paraphrase]

Tokyo, March 1, 1922—2 p.m.

[Received March 2—2:42 p.m.]

35. Thomas telegraphs as follows from Chita February 27, 5 p.m.:

"I have been requested by the Minister for Foreign Affairs to transmit the following information to my government:

Information has been received by the Government of the Far Eastern Republic that, on evacuating Vladivostok, the counter-revolutionary groups in the Maritime Province intend to take property of the Far Eastern Republic, including ships in the port of Vladivostok, with them.

Chita government is unable, due to presence of Japanese troops, to prevent forcibly this robbery of national possessions, and if American representatives in Vladivostok could, until power of Far Eastern Republic is established in that city, prevent taking away of property in question, Chita government would be very grateful for friendliness of America.

I have been informed likewise by Chita government that, to keep order in that city, consular corps in Vladivostok wishes to arm Russian counter-revolutionary groups. The arming of groups fighting against it is considered by the Government of the Far Eastern Republic as a hostile act, and it wishes to point out that the establishment of order and lawful government can only be hindered and delayed by the arming of such groups.

It is hoped by the Government of the Far Eastern Republic that measures to prevent such arming of groups hostile to the Far Eastern Republic will be taken by the United States Government and its representative in Vladivostok. Thomas."

The above has been received from Chita and is transmitted without comment. Will ascertain if in Vladivostok there are any new developments which require instructions to Macgowan if desired.

WARREN

861a.01/204 : Telegram

The Consul at Vladivostok (Macgowan) to the Secretary of State

VLADIVOSTOK, March 4, 1922—11 a.m.

[Received March 4—8:33 a.m.]

12. Embassy informed. Spiridon Merculoff has resigned as President of the Provisional Government. Successor is Yeremeiff, Mayor of Vladivostok.⁷⁰ Immediate cause was the growing dis-

⁷⁰ After a few days the *status quo* under Merkulov was restored.

satisfaction with the President's dictatorial ways though total bankruptcy of the Government and the retreat of the Army contributed. Failure of the Army is due to lack of funds and ammunition and excessive losses from frostbite.

Situation unstable and there is talk about military dictatorship under General Vershbitsky,⁷¹ commanding the Army. Japanese authorities watchful and doubtless they will shape the final result.

MACGOWAN

861a.01/201 : Telegram

The Secretary of State to the Ambassador in Japan (Warren)

WASHINGTON, March 9, 1922—5 p.m.

22. Your 35, March 1, 2 p.m.

Communicate to Macgowan solely for his information substance of Chita's February 27, 5 p.m.⁷² and say that the Department is confident that in this and other instances he will remain carefully neutral in all conflicts between Russian factions, limiting himself strictly to the direct protection of American interests.

Inform Thomas that he may intimate informally to the Chita authorities that such will be the course of all American officials now as in the past. The Chita authorities will appreciate that this attitude of strict neutrality will preclude the American Consul acting in any sense in their behalf at Vladivostok or from taking on the other hand any measures which could properly be regarded as unfriendly to the interests of the Russian people.

HUGHES

861a.01/226

The Chairman of the Special Trade Delegation of the Far Eastern Republic to the United States (Yazikoff) to the Secretary of State

WASHINGTON, April 4, 1922.

SIR: I am enclosing herewith a memorandum⁷³ regarding the present situation which has arisen since the Washington Conference in the relations between the Government of the Far Eastern Republic and the Japanese Government.

The present situation in the Russian Far East is once more very critical and may result in more bloodshed. I believe that only im-

⁷¹ Leader of the Kappel troops.

⁷² See telegram no. 85 from the Ambassador in Japan, Mar. 1, 2 p.m.

⁷³ Not printed.

mediate action in accordance with the declaration of the Government of the United States at the Washington Conference regarding the withdrawal of the Japanese troops from Eastern Siberia may prevent the Russian Far East from once more being plunged into chaos. I beg [etc.]

A. YAZIKOFF

861a.01/228 : Telegram

The Ambassador in Japan (Warren) to the Secretary of State

TOKYO, April 5, 1922—11 a.m.

[Received April 5—10:40 a.m.]

55. Following from Vladivostok dated April 4, 11 a.m.

"The Japanese publicity bureau states that Chita government forces numbering about 800 attacked the Japanese with (?) quite near Spassk Sunday as reply to the request to leave neutral territory. Chita casualties 80, Japanese none. There were several minor collisions yesterday and according to same source four Japanese aeroplanes bombarded Chita government positions at three stations including Sviyagino."

WARREN

861a.01/228 : Telegram

The Ambassador in Japan (Warren) to the Secretary of State

TOKYO, April 8, 1922—10 a.m.

[Received April 8—8:50 a.m.]

59. Following from Vladivostok dated April 5, 11 a.m.

"There are unofficial reports that battle at Spassk was on larger scale than the Japanese have indicated and that losses on both sides were heavy. Monday and Tuesday the Japanese sent 99 troop cars, that is, about 2,500 men, from Nikolsk to Spassk. Today they are sending 64 troop cars from Vladivostok to Nikolsk.["]

WARREN

861a.01/229 : Telegram

The Ambassador in Japan (Warren) to the Secretary of State

TOKYO, April 10, 1922—5 p.m.

[Received April 10—10:08 a.m.]

63. Three telegrams too long for repetition from Thomas at Chita state that Chita command was desirous of avoiding conflict with Japanese, that after news of conflict in which thirty casualties were suffered, feeling against Japanese ran high but trend of speeches by

military and political leaders urged that the crisis could not now be met with hostilities. Protest handed to Japanese Government on April 4th insisting Japanese command had covered retreat of Kappel army and had attacked Chita forces without provocation. Text by mail.

WARREN

861a.01/240 : Telegram

The Ambassador in Japan (Warren) to the Secretary of State

[Paraphrase]

TOKYO, April 20, 1922—9 a.m.

[Received April 20—6:15 a.m.]

66. On April 19 I had a lengthy discussion with Uchida concerning the situation which arises from the breaking off of the Dairen negotiations, which is announced in the press. Later I discussed the same question with Minister of War Yamanashi. Although the representative of the Far Eastern Republic in a statement gives the refusal of Japan to set a definite date for the evacuation of her troops from Siberia as the reason for the break, Uchida declares that the Japanese were willing to remove their troops three months after a military agreement should be concluded which would cover the method and manner of evacuation, and that while this question was being discussed by the delegates and while they were waiting for instructions the delegates of the Far Eastern Republic announced that they were leaving. The conclusion of Uchida is that the Far Eastern Republic had received a request from the Moscow government to await the results of the conference at Genoa.

I was informed by Yamanashi that he was making preparations for the immediate relief of part of the troops now in Siberia by sending over an equal number of fresh troops. He said that this should have been done last September but that he had delayed action in hopes that the negotiations at Dairen would be successful.

I said that I was greatly disappointed that no agreement had been reached at the Dairen Conference . . .

The present attitude of the Government is to await Russian developments and the outcome of the Genoa Conference.

The Harbin report concerning the supposed lease by Japanese interests of the Ussuri Railway and the protest against it by the Far Eastern Republic through Bosc [*sic*] are founded upon incorrect information. Upon inquiry made at my request, the Manchuria Railway through its President, who is now in Tokyo, and also Uchida, deny that there is any foundation for the report. I have assurance

of Uchida that the Japanese Government has not been consulted, that it has no knowledge of any such negotiations, and that no plan for acquisition of the Ussuri Railway by the Manchuria Railway or by Japanese interests will receive the Government's support.

WARREN

861a.01/248

The Chairman of the Special Trade Delegation of the Far Eastern Republic to the United States (Yazikoff) to the Secretary of State

WASHINGTON, April 26, 1922.

SIR: The Dairen Conference which opened on August 26th, 1921 was suddenly terminated on April 16th at the initiative of the Japanese Government at the moment when after seven months of discussion solutions to many problems had been reached. The principal problem, that regarding the evacuation of Japanese troops, or, rather, the date of the evacuation, remained unsolved. The Japanese delegates insisted that a general treaty be signed prior to any discussion of the problem regarding the date of evacuation. The delegates of the Far Eastern Republic, taught by three and one half years of experience with Japanese methods and policies in the Russian Far East, declared that they would sign a general treaty only if the Japanese delegates would simultaneously set down in writing the date of evacuation of Japanese troops from the territory of the Russian Far East. Having no intention to fulfill the obligations assumed by them at the Washington Conference, and wishing at the same time to mask their purposes, the Japanese suddenly and unexpectedly presented new demands for the reconsideration of the general terms of the treaty, and demanded the inclusion in it of the following clauses:

1. The granting to Japanese subjects rights in commerce and trade and in the development of forest and mining wealth on the territory of the Far Eastern Republic equal to those of the citizens of the Far Eastern Republic.

2. The consent of the Government of the Far Eastern Republic to the destruction of the war materials of the Far Eastern Republic which are within the territory of the Maritime Province.

3. An agreement on the part of the Far Eastern Republic not to increase its fleet in the Vladivostok port.

The Delegates of the Far Eastern Republic stated that they were not opposed to a discussion of any new demands, that they were ready to consider the new Japanese proposals, but that, in any event, the question of the date of evacuation of Japanese troops must be

definitely established. In reply to this declaration of the Delegation of the Far Eastern Republic, the Japanese delegates stated that they had received instructions from the Japanese Government to end the negotiations.

Wishing to effect a speedy settlement of the difficult situation created on the territory of the Russian Far East in connection with the presence and actions of Japanese troops, the Government of the Far Eastern Republic in its negotiations with the Japanese did everything possible in order to bring to a satisfactory conclusion the long drawn out Dairen conference, but this proved to be impossible. The Japanese did not abandon their intentions to dominate the territory of the Russian Far East under one pretext or another.

In accordance with recent official reports the Japanese are bringing in new troops and are occupying points in the Maritime Province which had already been evacuated by them and which are outside their zone of occupation. The Japanese are working incessantly in erecting fortifications along the coastline of the Russian Far East.

In view of the above mentioned circumstances the Special Delegation of the Far Eastern Republic to the United States is compelled once more to call the attention of the Government of the United States to the grave situation on the territory of the Russian Far East. The Japanese Government is not only not fulfilling the obligations assumed at the Washington Conference, but, on the contrary, is openly carrying out its old policy of domination on and seizure of the territory and sovereignty of the Russian population of the Far East.

The position assumed by the Government of the United States at the Washington Conference with reference to the Siberian problem gave the population of the Far Eastern Republic cause to hope for aid from the Government of the United States in assuring to the Russian people of the Far East the rights which are being violated by the Japanese Government.

I am [etc.]

A. YAZIKOFF

861a.01/287

The Ambassador in Japan (Warren) to the Secretary of State

No. 237

TOKYO, June 7, 1922.

[Received June 27.]

SIR: I have the honor to transmit herewith a paraphrase of telegram No. 24 from Mr. Thomas dated May 27, 2 p.m., 1922.

I have [etc.]

CHARLES B. WARREN

[Enclosure—Telegram—Paraphrase]

*The Vice Consul on Special Detail at Chita (Thomas) to the
Ambassador in Japan (Warren)*

CHITA, May 27, 1922—2 p.m.

24. The following opinion was expressed to me by the Minister of Foreign Affairs:

A result expected from the defeat of Chang Tso-lin, and from the policy of Japan in Central China, is that Japan will attempt to consolidate a sphere of control in Manchuria, Maritime Province and Mongolia. The Government of the Far Eastern Republic intends to cooperate with the Peking government in opposition to this plan and it is expected that these two governments will be able to lessen Japan's control in Mongolia without going to war. In order to accomplish this object the Far Eastern Republic and Soviet Russia wish to come to an agreement with the Peking government regarding a joint control of the Chinese Eastern Railway while yet permitting the Inter-Allied Technical Board to function for the present. This cannot be accomplished without the unofficial support of the plan by the United States in Peking.

All Russian elements in Manchuria and Maritime Province will unite in opposing the Japanese if consistent diplomatic opposition is made by the United States. . . .

THOMAS

861a.01/288

The Japanese Chargé (Saburi) to the Secretary of State

The Japanese Chargé d'Affaires presents his compliments to the Honorable the Secretary of State and, acting under instructions from the Japanese Government, has the honor to inform him that on the 24th of June the following announcement was made public in Tokio:

"The Japanese Government have decided to withdraw all the Japanese troops from the Maritime Province of Siberia by the end of October 1922. Suitable measures will be taken for the protection of resident Japanese subjects."

June 24, 1922, WASHINGTON.

861a.01/442

*The Chief of the Division of Russian Affairs, Department of State
(Poole) to the Secretary of State*

[WASHINGTON,] June 27, 1922.

MR. SECRETARY: In connection with the announcement made by the Japanese Government that it has decided to withdraw all Japanese troops from the Maritime Province of Siberia by the end of October, 1922—

M.I.D. has received a cablegram from the Military Attaché at Tokyo reporting that the Japanese War Department informs him that the Siberian mainland will be evacuated by winter, leaving the garrison in Sakhalin Island only.

This presumably means that the mainland portion of Sakhalin Province, which embraces Nikolaievsk and the mouth of the Amur, will be evacuated along with the Maritime Province.

Respectfully,

D. C. POOLE

861a.01/286: Telegram

The Secretary of State to the Ambassador in Japan (Warren)

[Paraphrase]

WASHINGTON, June 27, 1922—4 p.m.

65. Embassy's No. 107 of June 25, 11 a.m.⁶⁴ The American Government is highly pleased by the announcement of the decision of the Japanese Government to remove its armed forces from the Maritime Province of Siberia and possibly, also, as intimated in a telegram which the War Department has received from the Military Attaché and has just communicated to this Department, from the mainland opposite Sakhalin Island. At your discretion, I should be pleased to have you find some way informally and tactfully to make known to Baron Kato and others in the Japanese Government this sense of gratification. You should keep in mind, nevertheless, that the protests which this Government made before and during the Washington Conference against Japanese occupation of Siberian territory included Sakhalin Island to an equal degree. By no inference should there be any surrender of the position of our Government in this regard . . .

A report on the nature of the measures which are to be taken by Japan for the protection of her resident subjects should be made as promptly as possible. Inquiries on this subject also must, of course, be made tactfully.

HUGHES

⁶⁴Not printed. The Japanese announcement which this telegram transmitted is also contained in note from the Japanese Chargé, June 24, p. 853.

861a.01/287

The Secretary of State to the Ambassador in Japan (Warren)

No. 95

WASHINGTON, July 6, 1922.

SIR: The Department has received your despatch No. 237 of June 7, 1922, and has read with interest the enclosed paraphrase of a telegram from Mr. Thomas at Chita reporting an expression of opinion by the Minister of Foreign Affairs at that city touching the relations of his government with Japan and China and the position of the United States in respect thereto.

It is presumed that a copy of this message has been furnished to the Legation at Peking.

The Department does not take too seriously any implied criticism by the Chita authorities of the Siberian policy of this Government. The record is clear and the generous action of the United States at the Conference on Limitation of Armament is generally understood and appreciated by Russians. Any different attitude at Chita is probably attributable to the supposed requirements of local politics and to suggestion from Moscow. The situation should now be somewhat clarified by the announced purpose of the Japanese Government to withdraw its troops at least from the Maritime Province. It is almost unnecessary to add that any attempt of the Chita authorities to foment antagonism between the United States and other Powers or to play one Power off against another will be unsuccessful.

You may communicate the foregoing to Vice Consul Thomas for his information and guidance.

I am [etc.]

CHARLES E. HUGHES

861a.01/296

The Japanese Chargé (Saburi) to the Secretary of State

WASHINGTON, July 14, 1922.

SIR: Acting under instructions from the Japanese Government, I have the honor to inform you that on July 14 the following statement was made public in Tokio:

"The Japanese Government, considering it expedient to reduce the extent of territory occupied by their troops in the Province of Saghalien, have decided to withdraw by the end of September of this year all of their troops from the districts opposite the Island of Saghalien. As for the northern or Russian part of the Island of Saghalien, it is their intention to terminate occupation as soon as satisfactory settlement for the Nikolaievsk affair has been obtained."

Accept [etc.]

SADAO SABURI

861a.01/344 : Telegram

The Vice Consul at Vladivostok (Winslow) to the Acting Secretary of State

VLADIVOSTOK, September 20, 1922—noon.

[Received, September 20—5:52 a.m.]

28. Embassy informed. Japanese evacuation zone 1 completed September 18th. General Tachibana⁷⁵ declares that evacuation zone 2 begins today. It is now technically possible for Chita troops to enter Nikolsk.

Steamer *Tomsk* left here yesterday for Okhotsk carrying reenforcements for White General Pepelaieff⁷⁶ now operating with outlaw Blokhareff there.

WINSLOW

861a.01/355

The Chief of the Division of Russian Affairs, Department of State (Poole) to the Under Secretary of State (Phillips)

[WASHINGTON,] September 25, 1922.

MR. PHILLIPS: Mr. Skvirsky, of the so-called Commercial Delegation of the Far Eastern Republic, talked to me this afternoon concerning the progress of the negotiations at Changchung.⁷⁷ The following were the two principal points brought out by him in the course of a long statement:

(1) Before the Conference Matsudaira told Antonoff, an informal representative of Chita at Tokyo, that Japan would welcome the participation of a representative of Moscow. When the Conference actually convened the Japanese, however, objected to the presence of Yoffe⁷⁸ saying that they desired only to deal with the Far Eastern Republic. Mr. Skvirsky expressed the opinion that this was done simply to provide a point on which the Japanese could yield in order to obtain some corresponding concession from the other side.

(2) The Japanese say that they must continue to occupy Northern Sakhalin until there is a settlement of the Nikolaievsk affair. The Russians reply that Northern Sakhalin being Russian territory must be evacuated; that there is no necessary connection between the massacre at Nikolaievsk and the adjoining Sakhalin territory. The Russians are willing to discuss with the Japanese the question of

⁷⁵ Gen. Kolchiro Tachibana, in command of Japanese forces in Siberia.

⁷⁶ Gen. Anatoli Nikolaevich Pepelyaev.

⁷⁷ A conference between representatives of Japan and the Far Eastern Republic had convened at Changchun Sept. 5, 1922.

⁷⁸ Adolph A. Joffe.

compensation for the loss of Japanese lives at Nikolaievsk but in doing so they will bring forward large counter-claims based upon the destruction of Russian lives and property by the Japanese elsewhere in Siberia during the military occupation.

Mr. Skvirsky referred to the identity of the Russian and American views with respect to Northern Sakhalin, namely, that this territory should also be evacuated by the Japanese and that the Nikolaievsk massacre was merely an incident of the military intervention. He said that the Conference is now deadlocked on this point and that he had been instructed by his Government to say to us that they would appreciate very highly any pressure which we might find it possible to bring to bear upon Japan at this time in order to induce her to relinquish Sakhalin.

I told Mr. Skvirsky that I did not know what could be done at this time to meet the request made; I doubted if anything could be done which would not do more harm than good by arousing Japanese resentment. I told him, however, for the confidential information of his colleagues at Chita, that we had let the Japanese Government understand at the time that the withdrawal of their troops from the Maritime Province was announced that, while we were much gratified at this decision, we continued to adhere to the view that all Russian territory, including Northern Sakhalin, should be evacuated. Mr. Skvirsky expressed much appreciation of our attitude and especially of what Mr. Hughes had done at the Armament Conference to induce the Japanese to give up the Siberian venture.

D. C. POOLE

861a.01/373

*The Chief of the Division of Russian Affairs, Department of State
(Poole) to the Secretary of State*

[WASHINGTON,] September 26, 1922.

MR. SECRETARY: Mr. Saburi, the Japanese Chargé d'Affaires, called at the Russian Division this afternoon and informed me that he had just received a cablegram from Tokyo announcing the final failure of the Japanese-Russian negotiations at Changchung. He said that Matsudaira, the chief Japanese delegate, had sensed for some time that the Russians had determined to break up the conference and awaited only an opportune manner of doing so. They had found a good propaganda point in the demand that the Japanese evacuate Sakhalin at once and insisted upon this, in spite of the fact that this was contrary to their preliminary agreement.

This preliminary agreement to which Mr. Saburi referred, appears to have been effected through an exchange of notes between the

Japanese Consul at Changchung and the Chita authorities whereby, according to Mr. Saburi, it was arranged that a so-called basic agreement should first be made between Japan and the Far Eastern Republic relating only to Far Eastern questions and that later on Japan might make with Moscow such a trade agreement as Great Britain made in 1921 and take up also the Nikolaievsk affair and the eventual evacuation of Sakhalin.

The determination of the Russians to break up the Conference was attributed by Mr. Saburi to their disappointment at being unable to secure political recognition from Japan at once. Japan had conceded the inclusion of the Moscow delegate, Yoffe, in the negotiations, but insisted that the agreement to be arrived at should be only between Japan and the Far Eastern Republic, whereas the Russians insisted that the Russian Socialist Federated Soviet Republic should be mentioned as well as the Far Eastern Republic. After much discussion on this point as well as the question of Sakhalin, Mr. Matsudaira was instructed to say to the Russians that Japan had made every reasonable effort to come to an accord with them and that if the conference now failed the blame was on them.

Mr. Saburi said that his Government felt that it had gone very far with the Russians, especially in offering to conclude a trade agreement on the British lines, in case an agreement could first be concluded with the Far Eastern Republic. He intimated that public opinion in Japan had been influenced by the action of Great Britain in concluding its trade agreement and by Italy's attitude, and that the Government had felt it necessary, in order to satisfy public opinion, to go further in meeting the Russians than it would have itself been inclined to do. . . .

Respectfully,

D. C. POOLE

861a.01/848 : Telegram

The Ambassador in Japan (Warren) to the Secretary of State

TOKYO, September 27, 1922—1 p.m.

[Received September 27—10:03 a.m.]

155. Uchida this morning gave out statement on Changchung Conference. Chargé in Washington has text. Will mail copy.

Bearing on withdrawal of troops he said:

"The failure of the Changchung Conference is a matter of deep regret to the Japanese Government but it means no change in our policy of withdrawing our troops from Siberia. The withdrawal from Vladivostok and other mainland points will be concluded by the end of October. As for Sakhalin our retirement from the northern or Russian half of the island will take place as repeatedly stated

as soon as the Nikolaiefsk affair has been settled. The Japanese Government has no territorial design whatever in this or any other connection."

"In order to demonstrate Japan's good faith the Japanese Government had ordered and had actually begun the withdrawal of Japanese troops from Siberian towns. Various groups of Russians as well as Japanese petitioned our Government not to withdraw the troops fearing the development of lawlessness and warfare among Russian factions as well as against Japanese. But in spite of such possibilities the Japanese Government, determined to have no further reason for criticism or suspicions of Japan's policy, decided to continue the withdrawal."

WARREN

861a.01/356 : Telegram

The Vice Consul at Vladivostok (Winslow) to the Secretary of State

VLADIVOSTOK, September 28, 1922—11 a.m.

[Received September 28—9:33 a.m.]

30. Embassy informed. General Tachibana announced commencement third period Japanese evacuation October 6th. Completion second period will permit armed forces within twenty miles of Vladivostok.

Dictator local government issued ukases for mobilization officers and reserves to be with their units at the front by October 10th; Vladivostok is to raise one and a half million gold rubles, Nikolsk half million for military necessity; higher institutions of learning to be closed until January 1st, all amusement places to be closed, sale alcoholic liquors prohibited.

WINSLOW

861a.01/362

The Acting Chairman of the Special Trade Delegation of the Far Eastern Republic to the United States (Skvirsky) to the Secretary of State

WASHINGTON, September 28, 1922.

SIR: The Government of the Far Eastern Republic whose people are suffering under the burden of the destructive Japanese Intervention, has been doing everything possible in order to induce the Japanese Government to remove its troops and establish normal political and economic relations.

Repeated efforts to accomplish this proved fruitless because of the very evident tendencies of the Japanese to predominate in the region of the Russian Far East. While carrying on negotiations with the Government of the Far Eastern Republic in Dairen, the Japa-

nese did not cease to create anarchy and chaos in the territory of the Far Eastern Republic by arming and financing monarchist bands and instigating them to attack the people of the Far Eastern Republic. While negotiating in Chang Chun, the Japanese adhering to their policy of creating disorder in the Far Eastern Republic, distributed arms which belonged to the Far Eastern Republic to monarchist and reactionary hirelings, for the purpose of attacking and weakening the Far Eastern Republic, and for the creating of an impression in the outside world that the presence of Japanese troops in Siberia has been forced upon them by circumstances.

The Conference in Chang Chun terminated without arriving at any agreement because the Russian side safeguarding the sovereign rights of the people of the Far Eastern Republic and Russia in the Far East, could not sanction the continued occupation by Japanese troops of the Island of Sakhalin, under the pretext of compensation for the Nikolaievsk events. The Russian people cannot differentiate between the seizure of Sakhalin and the seizure of any other territory of the Russian Far East. Northern Sakhalin must be liberated as well as the rest of the Russian territory occupied by the Japanese.

At the time of Japanese attacks on the Russian population in the territory of Maritime, Priamur, Amur and Zabaikal Provinces, the Japanese also suffered losses in men as well as in Nikolaievsk. But the Japanese do not dare use this fact as a formal excuse for the seizure of that territory. While the Japanese during their attacks suffered losses of hundreds of people, the Russian population lost tens of thousands men, women and children killed, and property losses amounting into hundreds of millions of gold roubles.

The Russian people cannot consider themselves responsible for the intrigues and cruelties of Japanese militarists, nor can they recognize the principle of the seizure and holding of territory as security.

In this respect the representatives of the Russian people of the Far East totally share the point of view of the American Government as expressed at the Washington Conference by the Honorable Secretary of State in regard to the seizure of Sakhalin by the Japanese.

The Government of the Far Eastern Republic is moved by one strong desire—assuring and maintaining of peace in the Far East.

Japanese seizures regardless under what excuses they are made, and no matter how they are masked, are constantly threatening this peace and are keeping the Far East in a state of tension and uncertainty.

Highly appreciating the friendly position assumed by the American Government at the Washington Conference, the Government and the people of the Far Eastern Republic hope that the American

Government will support them in their endeavors to liberate their territory from foreign invasion and use its influences for aiding in the speediest evacuation of the territory of Northern Sakhalin by the Japanese.

I am [etc.]

B. SKVIRSKY

861a.01/444

The Ambassador in Japan (Warren) to the Secretary of State

No. 873

TOKYO, October 4, 1922.

[Received November 1.]

SIR: I have the honor to transmit herewith a translation of an announcement issued by the War Office on September 29th, relative to the withdrawal of Japanese troops from the Siberian mainland opposite Sakhalin.

I have [etc.]

CHARLES B. WARREN

[Enclosure—Translation]

Announcement by the Japanese War Office

TOKYO, September 29, 1922.

The following announcement was issued yesterday by the General Officer Commanding the Forces in North Sakhalin:

NOTICE

In conformity with the announcement issued on August 1, 1922, relative to restricting the area of occupation in North Sakhalin, the withdrawal of forces along the Amur River was completed on September 17th and 18th; of forces in the vicinity of Nikolaievsk on the 26th, and of detachments in the same vicinity on the 27th. The occupation of the mainland opposite Sakhalin and the civil administration there instituted have thereby been brought to an end.

861a.01/386 : Telegram

The Ambassador in Japan (Warren) to the Secretary of State

[Paraphrase]

TOKYO, October 11, 1922—3 p.m.

[Received October 11—10:56 a.m.]

162. Thomas telegraphs following from Chita, October 6, 3 p.m.

Prime Minister Nikiforoff has resigned and is going to Moscow. Kortpeneff is replacing him, having been sent from Moscow. It is believed that the Minister of the Interior, Petroff, is also to be removed on Moscow instructions.

Janson, the Minister for Foreign Affairs, has arrived in Chita. He declares that the break-up of the conference at Changchun was entirely due to the Japanese refusal to set a date for the withdrawal from Sakhalin Island prior to the settlement of the affair at Nikolaievsk and to refusal to discuss this matter before the signing of a general treaty. The Japanese expressed a desire during the conference to obtain Sakhalin either by purchase or by a long-term lease. If this cannot be done the Japanese wish the exclusive privilege of holding concessions in Russian Sakhalin. The demands meet a firm refusal from Russia, which will pursue an open-door policy if an active interest in the development of Sakhalin is shown by American capital. . . .

WARREN

861a.01/380 : Telegram

The Ambassador in Japan (Warren) to the Secretary of State

TOKYO, October 11, 1922—3 p.m.

[Received October 11—9:24 a.m.]

163. Following from Vladivostok:

"October 10, noon. Mobilization progressing slowly, no enthusiasm, support Dietrichs' half-hearted. Fighting around Spassk, two trains wounded arrived here. Levy million and a half rubles on wealthy residents elicited protest.

Another train blown up noncombatant Nikolsk. Communication interrupted temporarily.["]

WARREN

861a.01/389 : Telegram

The Ambassador in Japan (Warren) to the Secretary of State

TOKYO, October 16, 1922—noon.

[Received October 16—5:50 a.m.]

170. I sent Lieutenant Colonel O. P. M. Hazzard, in Japan as language student under Military Attaché at this Embassy, as courier to Vladivostok and asked him to get certain information and return before evacuation. He is an efficient officer and I thought his presence there beneficial and what he might learn important.

I am to-day in receipt of the following telegram from him through the vice consul:

"Gen. M. K. Dietrichs, Russian officer formerly associated with the Czechoslovaks and with Kolchak, in August 1922 had been made dictator of the Zemsky Priamur Government, successor to the Provisional Priamur Government.

"Inspection of the quantity, quality, and location explosives indicates possibility serious loss of life and property if exploded by vicious or careless individual after withdrawal Japanese guards. No guards will be left in the city by Dietrichs. Survey temper residents and refugees indicates event of entry Reds active opponents will flee but majority apathetic, resigned.

Visited front, interviewed Dietrichs and Nicolai Merculoff, latter just returned from conference with Chang Tso-lin in Mukden accompanied by a Japanese official having arranged refuge for White troops in the event of defeat by the Reds. White Army will offer no resistance in the vicinity Vladivostok.

Dietrichs short of ammunition but says he will fight decisive action next few days. Consul here perfected arrangements insure safety of all Americans."

Reference to arrangements to ensure safety refers to vice consul's plan to use Russian Y.M.C.A. building now under American management, which is situated adjacent to the United States naval anchorage and wharf, as a place of refuge for Americans if at all necessary. Vice consul had made report on this matter in his despatch number 11 of September 27th which closes as follows:

"I do not believe that the occasion will arise which will necessitate the carrying into effect of all these plans and I do not wish to give the Department the impression that I am in the least hysterical about the matter. However, as the lives of fifty Americans are now under my care, I have deemed it advisable to take every possible precaution feeling that under present conditions discretion is the better part of valor.["]

WARREN

861a.01/396 : Telegram

The Ambassador in Japan (Warren) to the Secretary of State

Tokyo, October 17, 1922—11 a.m.

[Received October 17—9:06 a.m.]

171. Following from Vladivostok:

"October 16, 8 p.m. Please repeat to Department. General Dietrichs personally appealed for protection and assistance for 6,000 women and children, families of his army, who would be held hostages by the Red Army entering here. Their present means will last only three weeks. Dietrichs says that decisive battle fought at Vladimirovka 11th—14th, only 670 out of 3,000 of his men returning alive, Reds taking no prisoners.

Remainder Dietrichs army 4,000 marching from Razdolnoe to Hunchun near Possiet where he will join them, leaving by sea 20th. He will turn over authority in Vladivostok to town council; he says he was not being pressed by the Reds but was obliged to retreat owing to lack of cartridges and financial and moral support locally.

Vladivostok quiet but threatening; Bolshevik propaganda already being published against all White adherents and supporters.

I have approached the Japanese with the request not to release their guard over the dangerous war materials until a Red guard may relieve them. General Tachibana has told me he will not admit any armed forces in Vladivostok until Japanese evacuation completed. This seriously endangers many lives during the period between withdrawal Japanese guards and entry Red guards. Meeting will be held tonight and tomorrow morning between American, British, and Japanese naval and consular officers for safeguard measures. British Consul and I propose to approach Reds with request to safeguard lives of women and children and foreigners tomorrow ”.

WARREN

861a.01/407 : Telegram

The Vice Consul at Vladivostok (Winslow) to the Secretary of State

VLADIVOSTOK, October 21, 1922—11 a.m.

[Received October 21—7:40 a.m.]

37. Embassy informed.

Yesterday British and American consular and naval officers crossed lines for conference with Chita's commander-in-chief. Japanese consul at Nikolsk was supposed to accompany to investigate welfare of Japanese in Nikolsk. When the conference was convened there were two Japanese naval officers, one Japanese army officer and two Japanese civilians. This being contrary to our understanding I withdrew Americans from conference immediately and asked separate conference with commander-in-chief which was granted. Commander-in-chief stated he would protect the lives and property of Americans on entry to Vladivostok; then he requested, as state of anarchy exists in Vladivostok, to do all I could to protect all foreigners and Russians by allowing entry of his organized forces as soon as possible.

Chita army now negotiating with the Japanese for entrance to Vladivostok. Only fear now is from lawless bands of Whites . . .

WINSLOW

861a.01/413 : Telegram

The Vice Consul at Vladivostok (Winslow) to the Secretary of State

VLADIVOSTOK, undated.

[Received October 26, 1922—6:11 a.m.]

38. Embassy informed last Japanese transport sailed 3 o'clock yesterday afternoon, evacuation completed. General staff Red militia

entered followed by triumphal entry of Red Army of from ten to fifteen thousand troops late afternoon. Population received the army enthusiastically. Order prevailed throughout and tenseness of the last week now entirely relieved. Commander in Chief Uboreivich in reply official reception at town hall declared people's revolutionary army desires peace and order. City now draped in red.

WINSLOW

861a.01/439

The Japanese Chargé (Saburi) to the Secretary of State

WASHINGTON, October 30, 1922.

SIR: Under instructions from my Government, I have the honor to inform you that the last detachment of Japanese troops sailed from Vladivostok on October 25th, thus completing the evacuation of the Siberian mainland.

Accept [etc.]

SADAO SABURI

861a.01/447: Telegram

The Ambassador in Japan (Warren) to the Secretary of State

TOKYO, November 2, 1922—1 p.m.

[Received November 2—6:30 a.m.]

183. Following from Vladivostok:⁸⁰

"November 1, 1 p.m. General Uboreivich, commander in chief Chita forces and in supreme control Vladivostok, called last night. Our conversation was most cordial. He mentioned presence *Sacramento*⁸¹ and stated since he intended demanding withdrawal of all Japanese war vessels now at Vladivostok it would be difficult for him not to request the departure of other foreign warships. He further emphatically stated that he was most anxious to do all in his power to help commercial and economic development of his country by facilitating entry American capital and commercial representatives. I replied that I considered myself as his guest and inasmuch as I was solely concerned in the successful economic expansion of American commercial interests in Siberia I was most grateful for his assurances. As regards *Sacramento* I intimated that our position was not analogous to that of the Japanese and I therefore

⁸⁰ Apparently from Consul S. Pinkney Tuck, Jr., who assumed charge of the consulate at Vladivostok Nov. 1, 1922.

⁸¹ American gunboat.

assumed that our war vessels and merchant ships would be permitted to come and go at will. To this he seemed to agree. I am reliably informed that the *Carlisle*²² will be requested to leave."

WARREN

861a.01/454

*The Chief of the Division of Russian Affairs, Department of State
(Poole) to the Secretary of State*

[WASHINGTON,] November 3, 1922.

MR. SECRETARY: Mr. Skvirsky, of the so-called Commercial Delegation of the Far Eastern Republic, called at this Division this afternoon to thank this Government, as he put it, for what it had done to bring about the Japanese evacuation of the Siberian mainland. He said that this was a very happy consummation for his people and that they appreciated the large part which the friendly interest of the United States had had in bringing it about.

Mr. Skvirsky went on to say that the Far Eastern Republic still did not feel that it was freed from the danger of Japanese aggression. He referred particularly to Chang Tso-Lin's activities, which he seemed to think were supported by Japan. He said that the people of the Far Eastern Republic, though greatly relieved by the departure of the Japanese, still felt uneasy with large Japanese forces in South Manchuria and on the Korean frontier and felt that it would possibly be necessary, in order to protect their own weak state against this menace, to enter into the general Russian federation. He said that the question might be discussed at the forthcoming meeting of the general assembly.

The foregoing fits in with other intimations which we have had that the pretense of independence of the Far Eastern Republic may now be given over, as having served its purpose, and the Far Eastern Republic be made openly a part of the Moscow system.

I took the occasion of Mr. Skvirsky's call to say that we had sent a new Consul (Mr. Tuck) to Vladivostok and that we hoped and expected that he would be welcome and receive the friendly cooperation of the local authorities. Mr. Skvirsky said that he did not doubt that this would be the case but that he would mention the matter in communicating with Chita.

Respectfully,

D. C. POOLE

²² British cruiser.

861.01/517 : Telegram

The Vice Consul on Special Detail at Chita (Thomas) to the Secretary of State

CHITA, November 15, 1922—10 a.m.

[Received November 19—3:06 a.m.]

On November 14 after speeches in the popular assembly in favor of union with Soviet Russia the Government of the Far Eastern Republic renounced its power. The popular assembly then unanimously passed a law to repeal the constitution of the Far Eastern Republic, to dissolve the popular assembly, to appoint a revolutionary committee to take over the power, and to apply to Moscow to be taken in as an integral part of Soviet Russia. A revolutionary committee was elected of which Kobozeff is President and Janson a member.

THOMAS

861.01/520 : Telegram

The Ambassador in Japan (Warren) to the Secretary of State

TOKYO, November 19, 1922—midnight.

[Received November 19—4 a.m.]

200. The following has been received from Chita.

"The All Russian Executive Committee in Moscow has declared the Far Eastern Republic an inseparable and integral part of Soviet Russia and confirmed the personnel of the Revolutionary Committee as appointed by the popular assembly. The Revolutionary Committee has declared its authority over all parts of the former Far Eastern Republic including the concession zone of the Chinese Eastern Railway. The Revolutionary Committee has declared that gold currency will be retained. All laws of a financial or economic nature will be retained in so far as they are not contrary to the new economic policy of Soviet Russia. Of the same purport, laws which are not opposed to the revolutionary and socialistic sense of justice, will remain in force until changed by decrees of the Revolutionary Committee or replaced by the legal code of Soviet Russia. Thomas."

WARREN

861.01/526

The Acting Chairman of the Special Trade Delegation of the Far Eastern Republic to the United States (Skvirsky) to the Secretary of State

WASHINGTON, December 4, 1922.

SIR: I have the honor to advise you that the National Assembly of the Far Eastern Republic at its session on November 12th., 1922

at Chita had unanimously voted to amalgamate with the Russian Socialist Federated Soviet Republic.

I avail myself of this occasion to express the hope of the people of the Russian Far East for a closer unity between the peoples of Russia and United States of America.

I am [etc.]

B. SKVIRSKY

861.01/812

The Chief of the Division of Russian Affairs, Department of State (Poole) to the Under Secretary of State (Phillips)

[WASHINGTON,] December 4, 1922.

MR. PHILLIPS: Mr. Skvirsky, the sole remaining member of what was formerly known as the Commercial Delegation of the Far Eastern Republic, called this afternoon and advised me of the final consummation of the amalgamation of the Far Eastern Republic with Soviet Russia. He said that he had received word from Chita of the organization there of a Dalrevkom (an abbreviation for Eastern Revolutionary Committee), similar to the Sibrevkom (Siberian Revolutionary Committee) which has been functioning for some time at Novonikolaievsk. The Chita committee embraces seven members, Mr. Skvirsky said. He did not know who they all were but the President was Sokolov, who was recently sent to Chita from Moscow and served as President of the Far Eastern Republic during its last days. Jansen, the late Foreign Minister of the Far Eastern Republic, is also a member. I asked Mr. Skvirsky how the committee had been formed but he was unable to tell me. He thought that the dissolving national assembly of the Far Eastern Republic possibly named it or that it was merely a provisional committee which would function until the Soviet machinery was in complete operation. The truth undoubtedly is that it was appointed from Moscow.

Mr. Skvirsky said that he had been informed from Chita that no changes were contemplated in respect to economic matters. He said that he had been negotiating with a number of business groups in this country and was now able to assure them that the absorption of the Far Eastern Republic by Moscow would not affect in any material way the business contemplated. One group, he said, which was negotiating for a gold mining and timber concession in the Amur valley had, in fact, despatched a representative to Chita only two days ago. He said that the proposed contract would have to be perfected at Chita and, of course, the ratification of Moscow obtained.

In reply to a question on my part, Mr. Skvirsky said that the concession held by the Sinclair Oil Company⁸³ was not affected by the

⁸³ For exploitation of oil fields in the northern part of Sakhalin Island.

change in Government. This change was purely legal, he said, and the assets and liabilities of the Far Eastern Republic were taken over and maintained as they stood.

Upon Mr. Skvirsky's referring to the situation in Manchuria, the threatening character of which he said was one of the principal reasons for the amalgamation of the Far Eastern Republic with Soviet Russia, I asked him what was going to happen with regard to the Chinese Eastern Railway. He said that this was a matter for negotiation with China and that Joffe was still in Peking for the purpose of such negotiations. The unsettled governmental situation in China had, he presumed, prevented progress up to the present. He said that Russia's interests in the Chinese Eastern Railway were vital and China would have to consent to joint Chinese and Russian control, the existing situation could not be permitted to continue and the railway zone could not be a resort for anti-Bolshevik adventurers. He indicated that Soviet Russia intended to take a strong stand with China.

Finally Mr. Skvirsky referred to his own status here. I said that this was legally only the status of a private citizen and it was not my view that recent events had altered it in any way. I said that I did not anticipate any objection to his continuing here on the basis of the past and that I would be glad to see him informally whenever he might care to call at the Department. I said that we should be glad to continue the American Consular offices at Vladivostok and Chita for the present; that it might not be found necessary to continue the office at Chita indefinitely but that there was no immediate change in contemplation. The office at Vladivostok was more important for us, I said, and would probably be continued indefinitely provided no difficulties arose.

D. C. POOLE

**RECOGNITION BY THE UNITED STATES OF THE GOVERNMENTS OF
ESTONIA, LATVIA, AND LITHUANIA ***

380n.01/49

The Commissioner at Riga (Young) to the Secretary of State

No. 1916

RIGA, April 6, 1922.

[Received April 26.]

SIR: I have the honor to submit the following observations in reference to the status of the so-called Baltic States.

Although in view of the impending Conference at Genoa it might be more expedient and advisable to delay the preparation and trans-

* For previous correspondence, see *Foreign Relations*, 1921, vol. II, pp. 752 ff.

mission of a memorandum on this subject until after the termination of the Conference, nevertheless, it may not be amiss now to transmit a brief report, since the work of the Conference may extend over a considerable length of time, and since it is not as yet at all certain that the status of these States will be, to an important degree, affected by any decisions which may be reached at the Conference.

It would seem clear that the future status of these States will depend in no little measure upon their ability to maintain, as regards their economic and financial condition, that plane of political stability which is essential to the successful functioning of the machinery of State. Further, the continuation of their status as independent States may also well depend upon the strength or weakness of the present or any future government in Russia, and on the relationship which shall in the future exist between Russia on the one hand and the three so-called Baltic States on the other.

A careful and searching survey of conditions today unquestionably brings one to the conclusion that, given a continuation of conditions as they are at present, these States will encounter comparatively little difficulty in maintaining themselves as political entities. It is true that the same searching inquiry reveals many points of weakness, not only in the machinery which they have erected for the purpose of carrying on administrative work, but also in certain features of their economic and fiscal policies. It is, however, equally true that, on the whole, each one of these so-called States has made very considerable and very substantial progress in the primary and essential work of the successful administration of their several territories.

It is also important to bear in mind the fact that in each one of these countries the nationals of the government in power make up the great majority of the population, that their national elections have been held openly and have afforded the electorate a free expression of its wishes at the polls; in short, that these governments exercise their power by and with the consent of their respective peoples.

Although, as I have stated above, the machinery of government in each of these States contains many weak parts and although the officials and authorities not infrequently give evidence of their lack of experience in statecraft, yet one must record the fact that the operation of the administrative machinery has on the whole been attended with a very large measure of success. All three States are now functioning under either permanent or provisional Constitutions. In each country, National Assemblies were elected more than two years ago. These Assemblies, in a peaceful and orderly manner, have enacted such legislation as was deemed requisite for the welfare of the population. Taxes have been imposed and collected in a legal

and orderly manner. Small, though well trained and disciplined, armies have been organized and equipped. Commerce and trade is being carried on with neighboring countries and with the world at large. Law and order is fully maintained. In short, each of these countries unquestionably today fully meets all of the requirements, which so far as the recognition of their governments is concerned, may reasonably be exacted. In the conduct of their foreign relations they have met with no less measure of success. The old petty jealousies and bickerings which existed in the early days of their statehood no longer prevail. The Vilna controversy is the one outstanding adverse factor. The leaders in these States fully realize that the strength of one lies in the strength of all. That this spirit and feeling now underlies their relations with each other was clearly evidenced at the recent Conference at Warsaw. A full report of the agreements there effected has been forwarded to the Department.⁵⁵

These same leaders also fully realize that they must facilitate in every appropriate way communication and trade through their ports between the world and Russia. I am convinced from the many informal conversations which I have had with the leading men in each of these States that they are determined to maintain an attitude which under no circumstances may be used to support the argument that the continued independence of these States will result in retarding the restoration and recovery of Russia.

It is idle at this time to discuss the question as to whether the Letts, the Esthonians and the Lithuanians were morally justified in proclaiming their independence in the hour of Russia's weakness. The simple fact is that these nationalities, though unquestionably animated by nationalistic aspirations, preferred the creation and establishment of what may be termed modern civilized governments to their existence either as a part of Soviet Russia under a communistic regime or with the status of autonomous soviet republics. Whatever their future may be, it is certain that their action in proclaiming their independence has resulted in the maintenance of at least this part of the former Russian Empire free from the ravages and destruction of communism and bolshevism.

. . . It is entirely possible, or even probable, that some time in the indefinite future these so-called States may once again become an integral part of Russia. It seems most probable, however, that until that time comes they will be able to maintain their political stability, and with that their independence. Further, it seems most probable that for much time to come these nationalities will exercise a predominating influence on this fringe of territory. Admitting

⁵⁵ Not printed.

that, from our view point, a strong Russia is greatly to be desired, it is still difficult for an observer here to suggest any course of action other than the immediate recognition of these States. Personally, I am not of the opinion that the recognition which has been accorded to these States by the European powers tends in any way to retard the restoration of a strong and stable Russian Government. Rather does it seem that through a certain measure of encouragement to the so-called States one may make certain that this part of Russia will remain free from the ravages of the present Moscow regime. Later, it is not improbable that through the operation of fundamental economic laws these countries will become a part of a federated Russia or will retain autonomous powers, but will be linked with the Russian government through close economic and political treaties and agreements. While our policy has been consistent, I am not at all certain that a continuation of this policy in the future would be either wise from the viewpoint of our own interests or helpful as regards the restoration of Russia.

I have [etc.]

EVAN E. YOUNG

860n.01/49 : Telegram

The Secretary of State to the Commissioner at Riga (Young)

WASHINGTON, May 15, 1922—5 p.m.

59. Your despatch No. 1916 of April 6. Telegraph briefly whether Vilna Plebiscite constitutes in your opinion such a solution of the Polish-Lithuanian controversy as would justify recognition of Lithuania at the same time with Esthonia and Latvia.

HUGHES

860n.01/50 : Telegram

The Commissioner at Riga (Young) to the Secretary of State

RIGA, May 16, 1922—3 p.m.

[Received 5:25 p.m.]

70. Department's 59 May 15, 5 p.m. No plebiscite has been held in Vilna district. In January last there were elections to the Vilna assembly. Lithuanians in that district refrained from voting. The so-called Vilna district is now administered openly as an integral part of Poland and it is not believed here that Poland will consent to a reopening of the question. The neutral zone established by control commission of the League of Nations still exists and serves for all present purposes as boundary between the two countries.

There is a marked and steadily increasing tendency under the surface in Lithuania unofficially to accept the *status quo* and to concentrate all forces toward procurement recognition *de jure* and Memel. This tendency is being encouraged by other Baltic States. European recognition *de jure* of Lithuania will in all probability be accorded in the near future as there is no longer any probability of armed conflict between Poland and Lithuania.

YOUNG

860m.01/132 : Telegram

The Ambassador in France (Herrick) to the Secretary of State

PARIS, June 30, 1922—6 p.m.

[Received June 30—4:35 p.m.]

271. My 234, January 23, 1920.⁸⁶ Conference of Ambassadors at 183rd meeting held this morning decided that Principal Allied Powers would recognize Lithuania *de jure*. This is independent of determination of status of Memel to study which question a committee of Conference secretaries is to be appointed.

HERRICK

860n.01/52a : Telegram

The Secretary of State to the Commissioner at Riga (Young)

WASHINGTON, July 25, 1922—4 p.m.

98. Advise Foreign Offices of Esthonia, Latvia and Lithuania as nearly at the same time as possible on the morning of July 28 that the United States extends to each full recognition. The fact will be communicated to the press at Washington for publication in the morning papers of July 28 and the following statement will be made:

“The Governments of Esthonia, Latvia and Lithuania have been recognized either *de jure* or *de facto* by the principal Governments of Europe and have entered into treaty relations with their neighbors.

In extending to them recognition on its part, the Government of the United States takes cognizance of the actual existence of these Governments during a considerable period of time and of the successful maintenance within their borders of political and economic stability.

The United States has consistently maintained that the disturbed conditions of Russian affairs may not be made the occasion for the alienation of Russian territory, and this principle is not deemed to be infringed by the recognition at this time of the Governments of

⁸⁶ Not printed.

Esthonia, Latvia and Lithuania which have been set up and maintained by an indigenous population."

Pending legislation by Congress to establish regular diplomatic representation Mr. Young will continue as Commissioner of the United States and will have the rank of Minister.

Request from respective governments temporary recognition pending formal application for exequaturs of John P. Hurley, Charles H. Albrecht and Clement S. Edwards, Consuls at Riga, Reval and Kovno, respectively.

HUGHES

860n.01/53 : Telegram

The Consul at Riga (Quarton) to the Secretary of State

RIGA, July 28, 1922—5 p.m.

[Received 10:36 p.m.]

140. Department's telegram number 98, July 25, 4 p.m. Foreign Offices Riga, Reval, Kovno informed July 28, 9 a.m.

QUARTON

860m.01/141

The Chargé in France (Whitehouse) to the Acting Secretary of State

No. 2266

PARIS, August 24, 1922.

[Received September 8.]

SIR: With reference to my telegram No. 271, June 30, 1922, the Department's telegraphic circular instruction of August 3 and my despatches No. 2148 of July 21 and No. 2232 of August 17,⁸⁷ all relative to the recognition of Lithuania, I have the honor to forward herewith copy of a letter from the Lithuanian Legation, dated August 4,⁸⁸ received to-day from the Secretariat General of the Conference of Ambassadors.

It appears from this letter that two questions may eventually come before the Conference of Ambassadors: first, whether or not the Principal Allied Powers are willing to accede to the Lithuanian interpretation of its obligations with respect to the internationalization of the River Niemen—obligations which the Principal Allied Powers made a condition precedent to their recognition *de jure* of Lithuania (see my despatch No. 2232); second, the disposition to be made of the Territory of Memel.

⁸⁷ Telegram no. 271, June 30, p. 873; the others not printed.

⁸⁸ Not printed.

I should appreciate it if the Department would instruct me, in case one or both of these questions should come before the Conference, whether it has any views which it wishes presented, or whether I am to abstain from participation in any discussion which may be had.

I have [etc.]

SHELDON WHITEHOUSE

560m.01/141

The Acting Secretary of State to the Chargé in France (Whitehouse)

No. 437

WASHINGTON, September 25, 1922.

SIR: The Department has received your despatch No. 2266, of August 24, 1922, in which you refer to the probability that discussion will arise in the Conference of Ambassadors respecting the condition made by the Allied Powers to their recognition of Lithuania and respecting the disposition to be made of the territory of Memel. You request instructions as to your course of action in the premises.

It is felt that the subjects in question are primarily matters of European concern, in the settlement of which this Government is not necessarily called upon to participate. You should refrain from any expression of views and keep the Department fully informed regarding any discussions which may take place, reporting by cable in the event of decisions which might seem to be contrary to the interests of the United States.

I am [etc.]

For the Acting Secretary of State:

LELAND HARRISON

**TERMINATION OF THE FUNCTIONS OF THE RUSSIAN AMBASSADOR
IN THE UNITED STATES**

701.6111/591

The Russian Ambassador (Bakhmeteff) to the Secretary of State

WASHINGTON, April 28, 1922.

MY DEAR MR. SECRETARY: In view of recent events I think it advisable to bring forward once more the subject of my position as the representative of Russia in the United States.

Received at Washington in July, 1917, as Ambassador of the first democratic government of Russia, I have remained at my post up to the present time in order to serve and protect Russian national interests and to facilitate, in cooperation with the Treasury and State Departments, the liquidation and final settlement of a large volume of commercial business for which the Government of Russia stood

obligated, partly through my agency, to American business concerns. I am happy to believe that American as well as Russian interests have been served thereby.

The work of liquidation has now been brought to a practical close. At the same time my status as Ambassador has been made the subject of renewed discussion. I am led to question whether my continuance, as Ambassador of Russia, will longer serve the best interests of my country and the convenience of the United States Government. I am prepared if the United States Government so desires, to retire and terminate my official functions.

On account of personal matters I have planned to sail from this country within the near future. It would be necessary to wind up my affairs and to arrange for the custody of the Russian property for which I am responsible. This work could be completed about the 30th of June, which date could be regarded as the date on which my retirement from official duties would take effect.

In the event of my retirement I suggest that Mr. Serge Ughet, Financial Attaché of the Embassy, be recognized as custodian of the properties in question and as the agent through whom pending business can be transacted and terminated.

In assuring you of my deep appreciation of the personal consideration I have always enjoyed at the hands of the State Department, and other Departments of the American Government, I desire to express also my gratitude for the good will and consideration with which the United States has treated my country. America was first to welcome the advent of democracy in Russia and to recognize the Provisional Government. Since then and throughout Russia's great trial the United States has evidenced deep and sympathetic understanding of Russia's process of transformation and has conserved unbroken faith in the regeneration and happy future of the Russian people. The United States has lent friendly effort in preserving for the Russian people the integrity of their national patrimony and in safeguarding their economic freedom. Finally America has generously come to the relief of suffering and saved millions of Russians from starvation. For this assistance and support in the hour of distress Russia will conserve eternal gratitude.

I avail myself [etc.]

B. BAKHMETEFF

701.6111/590

The Secretary of State to the Russian Ambassador (Bakhmeteff)

WASHINGTON, April 29, 1922.

MY DEAR MR. AMBASSADOR: I have received your letter of April 28, 1922, in which you bring forward the question of your status as

Ambassador in the United States and suggest that it may be appropriate to have this terminate in the near future, inasmuch as the liquidation and final settlement of the business of the Russian Government in the United States for which you were responsible is now practically completed, and as your continuance as Ambassador under the existing circumstances may give rise to misunderstanding.

I believe that a change in the present situation is desirable and I am glad to be able to concur in your suggestions as to how this may best be brought about.

You will continue to be recognized as Ambassador until June 30 next. After this date the custody of the property of the Russian Government in this country for which you have been responsible will be considered to vest in Mr. Serge Ughet, the Financial Attaché of the Embassy. Mr. Ughet's diplomatic status with this Government will not be altered by the termination of your duties and he will continue to enjoy the usual diplomatic privileges and immunities.

With assurance of my high esteem and appreciating the friendly spirit in which you have dealt with all matters of interest to this Government, I am [etc.]

CHARLES E. HUGHES

LIQUIDATION OF THE OBLIGATIONS IN THE UNITED STATES OF
THE RUSSIAN PROVISIONAL GOVERNMENT

701.6111/598a

The Secretary of State to Vice President Coolidge

WASHINGTON, May 6, 1922.

MY DEAR MR. VICE PRESIDENT: I have received from Mr. Boris Bakhmeteff, the Russian Ambassador, the following statement in regard to the transactions which, it is understood, have recently been brought into question in debate in the Senate:

"The United States Treasury advanced to the Provisional Government of Russia the sum of \$187,729,750. Most of that money was spent by the Government before its fall. Following the overthrow of the Government, an arrangement was entered into with the Department of State and the Treasury by which the remainder of funds derived from the United States credits, as well as all other available funds on Russian Government accounts in this country, irrespective of their source or previous destination, were segregated into a special liquidation fund. The purpose of this fund was to liquidate Russian liabilities in the United States. Disbursements of this fund were made with the consent of and in cooperation with the United States Treasury. Complete accounts were rendered to the last penny of the disbursement of this fund. It may not be out of place to recall that the Senator who led the discussion was a member of a Senate Committee which on April 14th, 1920, rendered a report to the

Senate on Russian propaganda,"¹ which report reads in part as follows:

"The Department of State 'furnished full documentary evidence dealing with the disposition of moneys which had been advanced to earlier Russian Governments from the Treasury of the United States, and with which purchases of war and industrial materials had been made in this country. In this connection Martens, in his testimony, had given the Committee to understand that a misappropriation of American money had taken place. His testimony on this point, however, was of a most cursory and hearsay nature; and the documents furnished by the State Department and contained in the record provide a complete accounting for all these moneys and materials purchased therewith. From these documents it appears, also, that the maintenance of the recognized Russian Embassy in this country, and the carrying on of its related activities are provided for by funds accruing from a loan privately negotiated in this country and in England.'

"In the Senate discussion it was asserted that the Russian people have never received any benefit from any part of this money. The funds were used for the benefit of the Russian people, to maintain the honor and the dignity of the Russian nation by discharging obligations which Russia had incurred to citizens of the United States. As the report of the Senate Committee states, no money was used for the maintenance of the Russian Embassy.

"In the course of the discussion in the Senate it was remarked that money[s] paid for the purchase of materials from the Russian Provisional Government were not credited to the Russian account with the United States. Such moneys were deposited in the liquidation fund, the expenditure of which was under the control of the Treasury Department.

"It was intimated, if not charged, that I improperly used money, derived from United States credits, even to the extent of purchasing real estate, and of fraudulently taking title in the name of a corporation. The Treasury controlled the distribution of funds and naturally would not allow such disbursement. Not only did I not acquire real estate in the City of New York or in the City of Chicago with United States funds but I never acquired any real estate in any city with any funds, neither in my own name or in the name of any corporation, or under any guise whatsoever.

"The reference made to a Greek priest leads me to guess that the matter is probably connected with the Russian Orthodox Church in North America. As it is well known, Russian Church affairs in the United States have been in a deplorable condition since the Bolshevik revolution. Various factions existed within it. Charges and counter-charges were made. Appropriations which in the past came from the Russian Holy Synod having been discontinued, the material condition slid into a state where Church properties were in danger of being lost and the dignity of the Church molested.

"To protect Church properties from foreclosure and from loss a private corporation known as the 'Russian Church Relief Corporation' was organized by a group of Russian individuals devoted

¹ S. Rept. 526, 66th Cong., 2d sess.

to Church affairs. The papers of the Corporation were duly filed in public offices. No financial assistance, however, was given to the Corporation from American or any other liquidation funds. In its efforts to conserve Church property the Corporation acquired and became the holder of certain real estate. The Corporation, I am informed, is being conducted solely for the benefit of the Russian Church and for the sole object of conserving its material interests in this country.

"There is also another corporation organized for charitable and humanitarian purposes which is known as the 'Russian Aid Society'. The papers of the Society are also filed in public offices. The purpose of the Society is to assist Russians who have been left stranded in this country and who find themselves in dire want. I am informed that this corporation holds part of its fund invested in real estate. No financial assistance has been obtained by the Russian Aid Society which in any way derives from United States Treasury funds.

"I have no interest whatsoever in the stock or in the real estate of these corporations. They are entirely private bodies.

"During the discussion much was said about General Semenov and, unless I misread, an effort was made to make it appear that I am responsible for him in this country; that I sympathize with his activities and plans; and that in some way or other I am associated with him and have given him assistance. Such statements are gratuitous. The State Department knows that I have had no connection with General Semenov and am not associated with him in any way. As a matter of fact I knew nothing of his intended visit to this country. I knew and know nothing of Semenov's plans. It is true that Semenov called on me. Practically every Russian, other than those who favor the restoration of the old regime or are in sympathy with the Bolsheviks, call at the Embassy when they visit Washington. I communicated to the Department of State the circumstances under which I received Semenov and of the valuable information I obtained from him with respect to conditions in the Far East.

"In the course of the discussion the question was raised of my willingness to state facts. As I have on many occasions indicated to the Department, I am only too glad to give all possible information relating to my activities which the Department might ask me for. I have nothing to conceal. Moreover, in so far as the use of funds is concerned, most detailed and full accounting is on file with the Treasury Department."

I have [etc.]

CHARLES E. HUGHES

861.51/1492a

The Secretary of State to the Secretary of the Treasury (Mellon)

WASHINGTON, May 23, 1922.

MY DEAR MR. SECRETARY: I desire to refer to the arrangements made toward the close of 1917 for the liquidation of the financial

business of Russia in this country, following the fall of the last recognized Russian Government.

It appears from the files of the State Department, and from published records, that the extraordinarily difficult task of dealing with the Russian financial situation in this country under the circumstances indicated was undertaken jointly by the State and Treasury Departments in cooperation with Mr. Boris Bakhmeteff, representing the last recognized Russian Government, and that contracts then outstanding with American manufacturers to the value of more than \$102,000,000 were successfully liquidated with funds of the Russian Government amounting to much less than that sum. It is the understanding of the State Department that this process of liquidation has now been brought to a practical conclusion, and that such business as remains is in process of orderly settlement.

Having regard to recent public discussion of the subject, may I ask that you confirm these facts and furnish any additional information from the records of the Treasury Department which you may consider helpful to a public understanding of the matter?

I am [etc.]

CHARLES E. HUGHES

861.51/1493

The Secretary of the Treasury (Mellon) to the Secretary of State

WASHINGTON, June 2, 1922.

MY DEAR MR. SECRETARY: I received your letter of May 23, 1922, regarding the liquidation of the Russian Government's financial obligations in this country after the fall of the last recognized Russian Government.

The facts set forth in your letter are in accord with the information possessed by the Treasury on the subject, and I am glad to avail myself of your suggestion to furnish any additional information from the Treasury's records that may be considered helpful to a public understanding of the matter.

It appears that under the authority of the Liberty Bond Acts the Secretary of the Treasury, with the approval of the President, made certain loans to the Provisional Government of Russia for the purpose of more effectually providing for the national security and defense and prosecuting the war. The net amount of the loans so made is \$187,729,750. Although a credit of \$100,000,000 was established by the Treasury in favor of the Russian Government on May 16, 1917, the first loan to that Government was not actually made until July 6, 1917, and was in the amount of \$35,000,000. No loans were made by the Treasury to the Russian Government after the fall of the Provisional Government early in November, 1917,

with the exception of an advance of \$1,329,750 on November 15, 1917, the proceeds of which were simultaneously applied by the Russians to the payment of interest to the Government of the United States.

The funds advanced by the Treasury in making the above loans were used solely for the purchase of obligations of the Russian Government in accordance with the Liberty Bond Acts, in the same manner as with other foreign governments, and the funds so paid for these obligations became the funds of the Russian Government. All of the obligations thus purchased are signed in the name of the Provisional Government of Russia by Mr. Boris Bakhmeteff who was the representative of that Government designated to the Treasury by the Department of State as being authorized to sign them in the name and on behalf of that Government.

In connection with the loans so made to the Russian Government, the latter rendered reports to the Treasury of its expenditures. These reports cover the period from April 6, 1917, the date of the United States Government's entry into the war, to March 4, 1921, and show total expenditures for that period of about \$231,000,000. The principal items of such expenditures appear to have been munitions, including remounts; exchange and cotton purchases, and other supplies. It would seem clear that only a comparatively small portion of the total expenditures of the Russian Government in this country during the period referred to was made from funds advanced by the United States Treasury, in view of the fact that it appears from the reports filed by the Russian representatives with this Department that of the \$187,729,750 so loaned about \$125,000,000 was transferred by the Russian Ambassador to the account of the Russian Ministry of Finance at Petrograd and only the balance of about \$62,000,000 was retained by the Russian Ambassador for expenditure in this country.

According to information shown by the Treasury records, the Russian Government's financial situation in this country at the time of the fall of the Provisional Government in November, 1917, was, in a general way, as follows:

Its bank balances then on hand amounted to about \$56,000,000. The Russian Ambassador has estimated that about \$10,000,000 thereof represented the balance remaining from this Government's loans to Russia, and that the rest of such funds consisted of moneys derived from other sources, such as British credits and loans made by private bankers in this country. At this time the Russian Government also had a large amount of property in the United States, consisting mainly of war supplies. Apart from its indebtedness to

the United States Government on account of the loans above mentioned, the Russian Government's financial obligations in the United States arose principally out of contracts for supplies and certain private loans issued in this country. The contractual liabilities amounted to about \$102,000,000, and the total principal amount of such private loans was \$86,000,000. In these circumstances, the Department of State and the Treasury considered it advisable to enter into arrangements with the Russian Ambassador with a view to effecting such an application of the Russian Government's available assets in this country that the interests of the American manufacturers and contractors and of the United States Government would be protected. In accordance with these arrangements, the Russian Ambassador deposited about \$47,000,000 of the \$56,000,000 cash above referred to with the National City Bank of New York in a so-called liquidation account, subject to his disposition. This money was to be devoted to the general liquidation of Russian obligations in this country. The balance of approximately \$9,000,000 was placed in special accounts with that bank to be used for certain specific purposes. These funds also were subject to the Ambassador's disposition. Pursuant to an understanding had with the National City Bank, however, no withdrawals were to be made from the liquidation account without the bank's first notifying the Treasury and ascertaining whether it objected to the particular disbursement proposed.

It further appears that from December 1, 1917, when the liquidation account was opened, to March 4, 1921, when the account was closed, additional deposits were made therein, aggregating a total amount of about \$29,000,000. The funds so deposited resulted chiefly from the sale of Russian property in this country and the charter hire from certain Russian ships. This made the total deposits in the liquidation account aggregate about \$76,000,000, and the total disbursements from this account for the period in question also amounted to about \$76,000,000. From the reports of the Russian representatives, it appears that these disbursements were made for supplies, transportation, storage, inspection, interest on loans made by the United States Government and on private loans floated in this country, salaries and upkeep of the Russian Embassy and consulates and other Russian institutions in the United States, and various miscellaneous purposes. It is further shown by such reports that payments on contracts for supplies amounted to approximately \$36,000,000, and that about \$10,000,000 was expended for interest on said loans. It will be noted that these two items alone are greatly in excess of the portion of the liquidation funds estimated by the Russian Ambassador to have been derived from American Government loans.

From the pertinent records, it appears that the settlement of the contracts outstanding in this country at the time of the fall of the Provisional Government was effected by the Russian Ambassador in cooperation with representatives of the Department of State, of the Treasury, and of the War Industries Board, with the result that the outstanding contracts were settled by payment, cancellation, and other means, without loss to American contractors. This settlement, I should say, may well be regarded as a noteworthy achievement in view of the extent of the liabilities involved in such contracts and the comparatively limited amount of cash available here to the Russian Government for use in respect thereto.

On February 14, 1921, the Treasury was informed by the Russian representatives that the liquidation of the outstanding liabilities of the Provisional Government of Russia in regard to contracts placed in the United States had been for the most part completed, and an arrangement was thereupon entered into whereby the liquidation account as such was closed out March 4, 1921, and the balance therein, amounting to \$70,426.34, paid to the Treasurer of the United States and applied on account of interest due and payable on Russian obligations held by the United States. It was agreed by the Russian representatives, however, that sums which might still accrue to them from the remaining business of liquidation which would, prior to the closing out of the liquidation account, have been payable into that account, should likewise be applied on interest due on said obligations. Such sums to the aggregate amount of \$337,766.73 have actually been paid since March 4, 1921 by the Russian representatives to the Treasurer of the United States and applied on interest due on the Russian obligations. It is the understanding of the Treasury that the funds so paid were realized chiefly from further sales of the Russian Government's property.

As you are aware, all of the information above given with respect to loans made by this Government to Russia, and the greater part of the data set forth in regard to the liquidation of the Russian Government's financial obligations in this country after the fall of the Provisional Government, have heretofore been made public in various reports and other documents. Attention is particularly called to the Annual Report of the Secretary of the Treasury for the fiscal year 1920; the testimony of Mr. Polk, then the Under Secretary of State, and of Mr. Leffingwell, a former Assistant Secretary of the Treasury, before the House Committee on Expenditures in the State Department on June 26 to September 8, 1919, in connection with House Resolution 132; the correspondence between the Russian Ambassador and the Department of State read before the sub-committee of the Senate Committee on Foreign Relations during the sec-

ond session of the 66th Congress at the hearing on Senate Resolution 263 and printed on pages 501-504 of Senate Report 526, dated April 14, 1920; the hearings on House Resolution 635 before the Committee on Foreign Affairs of the House, 66th Congress, third session; Senate Document No. 86, 67th Congress, second session, entitled "Loans to Foreign Governments"; the testimony of former Secretary of the Treasury Houston and former Assistant Secretary of the Treasury Kelley before the Senate Committee on the Judiciary on February 2 to February 7, 1921; and the letter dated February 25, 1921, from Secretary Houston in response to Senate Resolution 417, printed in the *Congressional Record* for February 26, 1921.

In addition to reports showing the Russian Government's expenditures since the entry of the United States Government into the war, the Russian Embassy has filed with the Treasury Department detailed reports and statements, with explanatory memoranda, in respect to the liquidation by such Embassy, after the fall of the Provisional Government, of the Russian Government's obligations in the United States out of that Government's assets in this country, and I understand that the Russian representatives have shown every disposition to make all possible information available to the Treasury.

Sincerely yours,

A. W. MELLON

SALVADOR

NEGOTIATIONS FOR A LOAN IN THE UNITED STATES¹

816.51/107 supp. : Telegram

The Secretary of State to the Minister in Salvador (Schuyler)

WASHINGTON, January 31, 1922—6 p.m.

4. Department's January 23, 6 p.m.²

As soon as Department informs you that loan contract has been signed, you will acknowledge note received by you from Foreign Minister,³ reciting terms of note and thereafter stating:

"My Government having now taken cognizance of the loan contract signed on blank date between the Government of Salvador, the National City Bank, and the National City Company, instructs me to acknowledge your note of October 20 and to state that the Government of the United States is gratified to receive the assurances therein contained. The stipulations of your note referring to the Secretary of State of the United States have been duly noted, and the Secretary of State on his part is prepared to carry out these stipulations. My Government instructs me to say, however, that it must reserve entire liberty of action with regard to any diplomatic representations which it may feel it advisable to make with regard to the conduct of the office of the Collector General of Customs or with regard to the removal of that official in the event that he should prove incompetent or conduct his office in an improper manner."

HUGHES

816.51/107 : Telegram

*The Acting Secretary of State to the Minister in Salvador
(Schuyler)*

WASHINGTON, February 28, 1922—6 p.m.

7. Department's January 31, 6 p. m.

Department informed that loan contract and purchase contract signed February 11th. You will therefore acknowledge note received from Foreign Minister as previously instructed. Department desires that Government of Salvador should reply taking note of

¹ Continued from *Foreign Relations*, 1921, vol. II, pp. 843-856.

² Not printed.

³ Dated Oct. 20, 1921, *Foreign Relations*, 1921, vol. II, p. 852.

fact that this Government reserves liberty of action with regard to future diplomatic representations as stated in your acknowledgment.

FLETCHER

816.51/137: Telegram

The Minister in Salvador (Schuyler) to the Secretary of State

SAN SALVADOR, March 8, 1922—7 p.m.

[Received March 9—1:28 p.m.]

12. Council of Ministers, through fear of opposition in Congress as to employment many Americans in proposed customs service, has made [modifications?] in loan contract providing that all employees except collector general and assistant collector general shall be Salvadorans. Keilhauer⁴ has cabled changes to bankers.

SCHUYLER

816.51/149: Telegram

The Secretary of State to the Minister in Salvador (Schuyler)

WASHINGTON, May 5, 1922—7 p.m.

19. Department is informed by Minor C. Keith⁵ that the National City Company consider counter proposal of the Government in its letter of April 5th to Keilhauer entirely unacceptable as it is contrary to the exchange of notes, but the company is prepared to consider any new counter proposal of Salvador which conforms to the exchange of notes; otherwise the company is not willing to make loan unless some other guaranty equally effective can be furnished by Salvador. Department, desiring the prosperity of Salvador and hoping for the rehabilitation of its finances, instructs you therefore to use your good offices in assisting the representative of Keilhauer to ascertain whether the Salvadorean Government is prepared to make a new proposal to the National City Company in harmony with the exchange of notes and, in helping him in such case, to obtain a statement of the proposal for the consideration of the bankers. You will take care not to convey the impression that you are pressing upon Salvador the plan contained in the exchange of notes as the plan or policy of the Government of the United States.

HUGHES

⁴ René Keilhauer, representative of the Government of Salvador in its loan negotiations.

⁵ Representative, with Mr. Keilhauer, of the Government of Salvador in its loan negotiations.

816.51/166

*The President of the National City Company (Mitchell) to the
Secretary of State*

NEW YORK, June 12, 1922.

[Received June 14.]

SIR: Since last fall the Salvador Government has been in negotiation with us for a loan which, according to a note addressed to the State Department by the Salvador Government on October 20, 1921,⁶ was to be based on an American Customs Administration.

After more than six months of negotiation, during which we had prepared with the concurrence of the State Department and the representatives of the Salvador Government a contract which goes into the reorganization and readjustment of Salvador's finances, the Salvador Government rejected our proposal and abandoned the principle to which it had committed itself through its original note to the State Department.

I write to inform you that after having taken under consideration certain modifications suggested by the Salvador Government, we notified the representatives of the Government on June 5 that we could not accept the modifications proposed and that we would not care to proceed with further negotiations unless Salvador were prepared to accept the basis of its original request to the State Department.

Very truly yours,

C. E. MITCHELL

816.51/169: Telegram

The Minister in Salvador (Schuyler) to the Secretary of State

SAN SALVADOR, June 26, 1922—1 p.m.

[Received 9:30 p.m.]

56. The President and I are officially informed that the loan contract has been signed in New York between Keilhauer representing the Government of Salvador and Mr. Keith.⁷

SCHUYLER

⁶ *Foreign Relations*, 1921, vol. II, p. 852.

⁷ The Minister had advised the Department, June 22, that Salvador had authorized Mr. René Keilhauer to sign modified loan contract with Mr. Minor C. Keith, and that the latter would himself make the loan (file no. 816.51/168). The contract was signed on June 24 (file no. 816.51/182).

816.51/178 : Telegram

The Minister in Salvador (Schuyler) to the Secretary of State

SAN SALVADOR, July 8, 1922—10 a.m.

[Received 12:30 p.m.]

62. Has Department approved terms of loan contract as finally signed by Keith and Keilhauer on June 24th and received here yesterday? It is to be presented to the Congress on Monday for approval.

SCHUYLER

816.51/178 : Telegram

The Secretary of State to the Minister in Salvador (Schuyler)

WASHINGTON, July 15, 1922—1 p. m.

31. Your July 8, 10 a.m. . . .

6. Department understands that the Minister for Foreign Affairs is prepared to send you the following note:

"I have the honor to inform Your Excellency that the loan contract signed in the City of New York, the 24th of June last, between Mr. Minor C. Keith, for himself, and Mr. René Keilhauer, as the representative of this Government, has been approved by the National Legislative Assembly at a session held on the (date).

By virtue of this approval, the Government of Salvador has the honor to assure the Government of the United States that the contents of the note which this Government had the honor to address to Your Excellency on the 20th October 1921,^a is applicable in all its parts to the above mentioned contract of the 24th June 1922, as approved by the National Assembly; and that all stipulations and conditions made therein with reference to the supervision of Customs and to the Collector General shall also become effective in the event that the provisions of Article XVI and [to?] XXII, both inclusive, should be applicable in accordance with the terms and provisions of the Loan Contract as approved by the National Assembly."

7. You are authorized to reply to this note textually as follows:

"I have the honor to inform Your Excellency that the Government of the United States hereby acknowledges the receipt of the formal note of the Government of Salvador dated (date), in which that Government states as follows: (quote full text of proposed Salvador note).

The note of the Government of Salvador of October 20, 1921, referred to, reads as follows: (quote full text of Salvador note of October 20, 1921, following corrections indicated in Department's instruction No. 31 of May 16^b).

^a *Foreign Relations*, 1921, vol. II, p. 852.

^b Not printed.

My Government having now taken cognizance of the loan contract signed on June 24, 1922, between the Government of Salvador and Mr. Minor C. Keith, and approved by the Assembly of Salvador on (date), instructs me to acknowledge your note of (date), and to state that the Government of the United States is gratified to receive the assurances therein contained, and that the Secretary of State on his part is prepared to carry out the stipulations with reference to him in your note of October 20, 1921, and in Articles IX, XIX, and XXI of the loan contract in the event that it should be necessary to do so. My Government instructs me to repeat, however, that it must reserve entire liberty of action with regard to any diplomatic representations which it may feel it advisable to make with regard to the conduct of the office of the Collector General of Customs or with regard to the removal of that official in the event that he should prove incompetent or conduct his office in an improper manner.

I take this occasion to renew to Your Excellency the assurance of my highest consideration."

HUGHES

816.51/194 : Telegram

The Ambassador in Great Britain (Harvey) to the Secretary of State

LONDON, August 17, 1922—11 a.m.

[Received August 17—8:33 a.m.]

362. The representatives of Minor C. Keith and Blair and Company, are now here trying persuade the British holders of the 1908 and 1915 Salvadorean bonds to agree to the loan contract between the government of Salvador and Keith executed on June 24. The result of negotiations would be greatly aided if the Embassy would inform the trustee of the bondholders that the Department approved of the contract. Have you any objection? Please answer as soon as possible.

HARVEY

816.51/194 : Telegram

The Secretary of State to the Ambassador in Great Britain (Harvey)

WASHINGTON, August 22, 1922—4 p.m.

262. Your August 17, 11 A. M.

You may inform the trustee of the bond holders that the Department would view with favor an adjustment of Salvador's existing debt under the terms of the Keith contract and that this Government, by an exchange of notes, has accepted certain assurances given by the Government of Salvador regarding the contract and has accepted stipulations of the contract referring to the Secretary of State.

HUGHES

816.51/231

Messrs. Lansing and Woolsey to the Secretary of State

WASHINGTON, December 8, 1922.

SIR: Referring to the Department's letter of July 15th¹⁰ in regard to the proposed loan to Salvador by bankers in the United States, we beg to state that since that date negotiations with a view to underwriting the proposed loan have been continued with bankers in New York City and that as a result thereof a Fiscal Agency Contract has been entered into between the Republic of Salvador (represented by René Keilhauer), Minor C. Keith and the Metropolitan Trust Company of the City of New York as Fiscal Agents and a Purchasing Agreement has been signed between the Republic of Salvador (represented by René Keilhauer) and Minor C. Keith, both Contracts being dated December 1, 1922. Lisman and Company of New York have advised Mr. Keith in a letter dated December 1, 1922, that they are prepared to enter into a contract for underwriting the bonds of Series A under certain conditions. We inclose herewith copies of these documents¹⁰ for your consideration in connection with the Loan Contract of June 24th last, a copy of which is also inclosed for convenience.¹⁰

The Fiscal Agency Contract has been forwarded to Salvador for immediate submission to a special session of the National Assembly which we are advised will be called at an early date. The Fiscal Agency Contract upon becoming operative will supersede the Loan Contract of June 24th in all respects, and the Purchasing Agreement of December 1st will in a similar manner supersede the Purchasing Agreement of June 24th. The Fiscal Agency Contract does not change the general plan set forth in the Loan Contract of June 24th but it is more concise than the latter Contract and contains modifications favorable to Salvador, notably the reduction of the sinking fund and the redemption price of the bonds.

We would be pleased if the Department would be good enough to advise us at the earliest possible date if it perceives any objections to the Fiscal Agency Contract as it is desirable that any changes suggested by the Department should be made before the Fiscal Agency Contract is submitted to the Assembly. If there is no objection to the Contract, we would ask the Department to telegraph the American Legation at San Salvador at our expense its views regarding the same for the information and guidance of the Legation.

It will be observed that one of the conditions of the Salvador-Keith Purchasing Agreement as well as of the proposed Keith-Lis-

¹⁰ Not printed.

man Agreement is that there should be an exchange of notes between the Republic of Salvador and the United States in respect of the Fiscal Agency Contract similar to those exchanged between these countries with reference to the Loan Contract of June 24th. We trust that when the Fiscal Agency Contract has received the sanction of the National Assembly in Salvador that there will be no objection on the part of the Department to entering into such an exchange of notes with reference to this Contract.

We are [etc.]

LANSING & WOOLSEY

816.51/222 : Telegram

The Chargé in Salvador (Hewes) to the Secretary of State

SAN SALVADOR, December 28, 1922—noon.

[Received December 29—12:12 a.m.]

120. This Government accepted and signed the terms of the New York Bankers and Mr. Keith yesterday thereby concluding the loan negotiations.

HEWES

816.51/222 : Telegram

The Secretary of State to the Chargé in Salvador (Hewes)

WASHINGTON, December 30, 1922—5 p.m.

53. Reference your December 28, noon.

To what terms do you refer? Is Mr. Keith proceeding under contract of last June or under new contract of December 1st?

Because of new provisions in December contract, Department is still considering advisability of acquiescing in contract and has not as yet committed itself to a further exchange of notes. Also it is not prepared at this time to approve of Mr. Keith proceeding under contract of last June. Bearing this in mind, you will refrain from discussing loan with Government officials. If you are asked regarding Department's views you should simply say that matter is still receiving consideration.

HUGHES

816.51/224 : Telegram

The Chargé in Salvador (Hewes) to the Secretary of State

SAN SALVADOR, January 3 [29], 1923—6 p.m.

[Received January 3—10:40 a.m.]

3. By Executive decree issued today the Metropolitan Trust Company of New York is named fiscal agent of the loan in accordance with article II of the contract of June 24th.

HEWES

816.51/222 : Telegram

The Secretary of State to the Chargé in Salvador (Hewes)

WASHINGTON, January 9, 1923—5 p.m.

2. Department's December 30, 5 p. m. Department has now informed bankers that it has no objection to their proceeding under loan contract of June 24 last.

HUGHES

AGREEMENT SIGNED BY THE PRESIDENTS OF NICARAGUA, HONDURAS, AND SALVADOR AUGUST 20, 1922, ON BOARD THE U. S. S. "TACOMA" IN FONSECA BAY

(See volume I. pp. 417 ff.)

SIAM

INTERPRETATION OF THE TREATY OF DECEMBER 16, 1920, AS NOT CONFERRING UPON AMERICAN CITIZENS THE RIGHT TO OWN LAND IN SIAM¹

892.5211/orig.

The Chargé in Siam (Williams) to the Secretary of State

No. 167

BANGKOK, *October 28, 1921.*

[Received December 14.]

SIR: I have the honor to enquire whether it is the understanding of the Department that within the provisions of the Treaty of December 16, 1920, the right of owning land in Siam obtains for American citizens and American corporations.

I would state that from the date of ratification of the Treaty by the American Government enquiries have continuously been received at the Legation as to the rights, if any, of American citizens to own land. Such requests for information were quite apart from any questions of title to Missionary properties. In the past, however, Mr. Hunt² did not deem it to be within his province to express any opinion in this regard, prior to the exchange of ratifications of the Treaty and without a clear lead from the Department in the matter.

Following upon the entering into effect of the Treaty, Dr. Eldon R. James, Adviser in Foreign Affairs to the Siamese Government, approached the Legation and requested a definition of Mr. Hunt's views as regards land-ownership. Dr. James stated frankly that the exact position under the Treaty was to him an unknown quantity, and accordingly he preferred that an expression of official American opinion should be made. It did not appear that the Minister for Foreign Affairs would assume an attitude hostile to the American viewpoint. Mr. Hunt indicated at that time his reluctance to take action of any character without instructions from the Department, adding his belief that such instructions would no doubt be received at an early date.

More recently, the opinion of the Legation has again been sought by Dr. James, and I desire therefore to explain the situation in detail. Dr. James prefers that the issue of land-ownership be dis-

¹ For text of treaty, see *Foreign Relations*, 1921, vol. II, p. 867.

² George W. P. Hunt, formerly Minister in Siam.

posed of completely in advance, before there shall have arisen any cases of doubtful status tending to complicate a solution of the difficulty. With such a view I am in full accord, insofar as no attempt is made to rush the matter too hastily to a conclusion, offending thereby the susceptibilities of the Siamese. I do not consider it probable that the question of American land tenure will involve considerations of a diplomatic nature in the immediate future: it is assumedly possible that Dr. T. Heyward Hays may intentionally bring the subject to the fore by attempting direct purchase, but there has not so far been notification of such intention conveyed to the Legation.

Mortgage rights, however, raise the question in an indirect way. It has been in Siam the practice when establishing inland branches of a commercial enterprise to place the provincial store-keeper under bond, to take over his insurance policy, or even to assume mortgage rights over his property. Such has been the procedure followed here by many firmly-established British corporations. The assistance of the Legation has now been sought by representatives both of the Standard Oil Company of New York and of the Vacuum Oil Company, who have intimated to me a desire to take over mortgage rights upon the real property of their agents, up-country. It has been made clear to me that the assumption of mortgages is a necessary corollary to the trade activities of these firms.

The *Bangkok Times* devoted an editorial to the land question upon the twenty-second instant, copy of which is enclosed, herewith,⁸ and I was constrained by it to mention the subject casually in the course of a long conversation, during that evening, with the Minister for Foreign Affairs. In accordance with my expectations, Prince Devawongse avoided any expression of opinion upon the general subject, beyond agreeing with my observation that it appeared inopportune to raise the issue directly at this time. I enquired, however, whether it was in any degree likely that objection would be seen by the Siamese Government to the assumption by American citizens, or by American corporations, of mortgage rights in the provinces, insofar as such procedure was "incident to or necessary for trade", within the context of Article I., of the Treaty of December 16, 1920. Prince Devawongse indicated his belief to the contrary. I have accordingly notified to the representatives of these American corporations this expression of official opinion.

Such then is the situation. Americans resident in Siam are as a unit anxious that the right to own land shall be definitely established without delay. It has been expressed to me that American

⁸ Not printed.

trade expansion is impossible without the existence of the right absolutely to possess real property, wherever in the provinces commercial competition makes this desirable. Moreover, the Siamese are in a receptive mood and the official atmosphere appears genuinely pro-American. It would therefore seem possible to obtain the right of land ownership in this country, without reference to controversial phases of the California land legislation. Siamese interests in America are too small to render an arrangement of this character unfairly unilateral.

I venture respectfully to suggest, for the Department's consideration, that the Legation be instructed to propose to the Siamese Government an exchange of notes, ensuring to American citizens, and to American corporations, the right to own land in Siam, wherever it is "incident to or necessary for trade", within the meaning of Article I., referred to above. Whether in any particular case the ownership were actually incident to or necessary for trade, might in that instance form the subject of diplomatic discussion between the Legation and the Foreign Office; otherwise, the right would generally obtain. I believe such a proposal would meet with the approval of Dr. James, and would secure his advocacy to the Siamese Government.

I do not anticipate any obstacles in the way of securing these assurances, but it would be best to face the situation squarely. . . .

It is a curious commentary upon the foregoing that the majority of the British membership in the business community in Bangkok hold the belief firmly that Americans have been assured rights of land-ownership through an unpublished understanding with the Siamese Government, or possibly by a secret protocol. Indeed, this opinion was expressed to the Legation, only yesterday, by a member of the leading firm of Solicitors. I have accordingly indicated marginally a pertinent passage in the *Bangkok Times* article, of above date.

I have [etc.]

CURTIS WILLIAMS

892.5211/1

The Chargé in Siam (Williams) to the Secretary of State

No. 169

BANGKOK, October 29, 1921.

[Received December 14.]

SIR: Adverting to my Despatch No. 167 of October 28, 1921, and to the situation as regards the assumption of mortgage rights by American citizens or by American corporations defined therein, I now have the honor to transmit, herewith, for the consideration of the

Department, copies of informal correspondence with the Foreign Office in this regard.⁵

The Department will recall that in my Despatch of above date, I reported that the Minister for Foreign Affairs had not seen objection to the proposed assumption of such rights by American interests. My enquiry had been introduced casually into a long conversation comprising several other subjects, and the details of my proposal were not at that time questioned by Prince Devawongse. In view of the very brevity of our discussion upon the subject, I deemed it well shortly thereafter to confirm, informally, in writing my understanding of the tenour of his views. Meantime, owing to a brief intimation from Prince Devawongse that cases involving land tenure or mortgage rights under the treaty would be referred by other Departments of the Government in every instance for decision by the Foreign Office, I deemed it well to notify to the local representative of the Standard Oil Company of New York the desire that each mortgage, proposed or assumed, be recorded at the Legation. The subject might then be included within the purview of the Legation's diplomatic correspondence.

I have received an informal reply from Prince Devawongse, who emphasizes the point, not however referred to during the previous interview, that each case of the character as it arises should first be referred to the Ministry for Foreign Affairs to be dealt with on its merits rather than be decided upon any principle which may involve any modification of the Treaty. To this communication, I have responded with an appropriate acknowledgment of the expression of views by Prince Devawongse.

In comment upon the attitude of the Foreign Office in the matter, I would point out that by the procedure specified American citizens will be obliged to follow a routine in filing applications for mortgage rights and land tenure not required upon the part of British or Danish subjects, engaged in commercial pursuits in Siam. Although there is a general assurance that fair treatment will be accorded to Americans, there is not a corresponding rule or understanding that the rights in question will ordinarily accrue to Americans: in other words, each case will be dealt with separately upon its own merits. While it is true that at present the atmosphere is very pro-American, it is conceivably possible that a change of policy might be inaugurated at the Ministry for Foreign Affairs. In such event, American trade enterprise would exist only upon sufferance. The situation which now obtains is not therefore without its disadvantages.

I venture to add that the assumption of full jurisdiction by the Foreign Office in cases of such land-ownership difficulties is, in view

⁵ Not printed.

of the ambiguity of the Treaty, of a present general advantage to American interests. The Foreign Office is in the main both friendly to the United States and impartial towards considerations of the commercial activities of other nations in this country. The Department is perhaps aware, in the connection, that the Siamese Law Registry is controlled by Advisers of European nationality.

I have [etc.]

CURTIS WILLIAMS

711.922/29

The Chargé in Siam (Williams) to the Secretary of State

No. 181

BANGKOK, November 17, 1921.

[Received January 5, 1922.]

SIR: I have the honor to enquire whether the Department considers that most-favored-nation treatment should obtain in Siam for American citizens and American corporations, in possible accordance with the provisions of the Treaty of December 16, 1920.

The Department will recall that it is expressly provided in Article IX., of the Treaty of May 29, 1856,^a that,—

“The American Government and its citizens will be allowed free and equal participation in any privileges that may have been or may hereafter be granted by the Siamese Government to the Government, citizens or subjects of any other nation.”

Such provision, were the Treaty of 1856 yet in force, would comprise without question cases arising under the classification of land-ownership, referred to in my despatch No. 167, of October 28, 1921, and of equality of commercial opportunity, mentioned specifically in my despatch No. 175, of November 14, 1921,¹ insofar as the privileges indicated have been or may be extended to British or Danish subjects.

I would invite the attention of the Department to Article XVI., of the Treaty of December 16, 1920, which states in clear language that,—

“The present Treaty shall, from the date of exchange of ratifications thereof, be substituted in place of . . . the Treaty of Amity and Commerce concluded at Bangkok on the 29th day of May, 1856, . . . and of all arrangements and agreements subsidiary thereto concluded or existing between the High Contracting Parties, and from the same date such conventions, treaties, arrangements and agreements shall cease to be binding.”²

^a Malloy, *Treaties*, 1776-1909, vol II, p. 1629.

¹ Not printed.

² Omissions in this quotation indicated in the original despatch.

In view of Article XVI., of the present Treaty, and of the apparent omission therein to provide specifically most-favored-nation treatment for American commercial enterprise in Siam, enquiries have now been received at the Legation in respect of the status of American trade under the new arrangement.

It would appear that Article I., of the present Treaty, while not precluding the grant of an exclusive concession to a foreign corporation, ensures to American citizens the liberty generally of doing anything incident to, or necessary for trade upon the same terms as native subjects. I venture to believe that this provision enables land-ownership by Americans, in every instance that such privilege is incident to, or in any way necessary for trade. Moreover, Article III., of this later Treaty, might be interpreted broadly to ensure most-favored-nation treatment, as regards the sale of American products in Siam:—

“The sale or resale by any person or organization whatsoever, of goods which are the produce or manufacture of one of the High Contracting Parties within the territories and possessions of the other, shall be exempt from all governmental restrictions and limitations designed . . .^a to create any monopoly.”

Representative members of the local American community have considered carefully these and other provisions of the Treaty, and have pointed out regretfully that there is no specific guarantee in the Treaty that Americans will enjoy most-favored-nation treatment, as a general rule, in all that pertains to trade and commercial enterprise in Siam.

I venture to express the opinion that it was not the desire either of the Department nor the Siamese Foreign Office that the Treaty should fail to convey the notion of equality of opportunity for Americans in Siam, in respect of nationals of other countries. There is no intention evident, upon the part of the Siamese Authorities, [not?] to show appreciation of the work of American Missionaries and of the Rockefeller Foundation by interpreting the Treaty from the strict-constructionist standpoint. It is not likely that privileges that British and Danish subjects enjoy, of the rights of property and of concessions in the interior, are to be refused to American citizens: on the contrary, the official atmosphere here is very friendly to the United States. Two observations, however, should be made. There is no assurance that the present attitude of the Foreign Office may not change, in which event American trade activities might be curtailed. Furthermore, the official policy of the Siamese Government is not determined entirely by domestic considerations; there

^a Omission indicated in the original despatch.

are outside obligations of a most persuasive nature, both relative to the British and to the French Governments.

The Legation desires, therefore, to ascertain the extent to which the presumption of most-favored-nation treatment, implied in the Treaty of 1856, has been carried on by the provisions of the new Agreement. It might seem that such an equality of opportunity is inferred by the stipulations that,—

“There shall be constant peace and perpetual friendship between the United States of America and the Kingdom of Siam”;

and that

“There shall be reciprocally full and entire freedom of commerce and navigation between the territories and possessions of the two High Contracting Parties.”

In any event, however, I think it is desirable that a complete accord should be reached at an early date between the two Governments in their respective interpretations of this phase of the Treaty, in order that American commercial activity should expand freely in Siam.

To that end I would respectfully submit the advisability of the adoption of the course outlined in my despatch No. 175, of November 14, 1921.

I have [etc.]

CURTIS WILLIAMS

892.5211/3

The Chargé in Siam (Williams) to the Secretary of State

No. 191

BANGKOK, November 26, 1921.

[Received January 5, 1922.]

SIR: The Department will recall that in my despatch No. 167, of October 28, 1921, allusion was made to the desire of Americans resident in Siam that the American Government should indicate its interpretation of Article I., of the Treaty of December 16, 1920, insofar as it related to American rights of land ownership in Siam.

I now have the honor to report that enquiry analogous in character has been made of the Legation by the Minister of Foreign Affairs, relative to the rights and obligations of Siamese subjects under American jurisdiction, in respect of land titles and interests. I venture to transmit, herewith, for the Department's consideration, copies of correspondence which has passed in this regard.¹⁰

In view of the delay which will follow in the settlement of the question of registry by Americans of land mortgages in this coun-

¹⁰ Not printed.

try, I would respectfully request telegraphic instructions from the Department upon the general subject.

I have [etc.]

CURTIS WILLIAMS

892.5211/orig.

The Secretary of State to the Chargé in Siam (Williams)

No. 28

WASHINGTON, January 11, 1922.

SIR: In your confidential despatch No. 167 of October 28, 1921, you ask whether it is the Department's understanding that, under the provisions of the Treaty of December 16, 1920, between the United States and Siam, American citizens and corporations have the right to own land in Siam. You enclose a copy of an editorial published in the *Bangkok Times* of October 22, 1921, in which the opinion is expressed that the title to all land owned by American citizens "lapsed to the Siamese State" upon the coming into force of the Treaty. You suggest that, if the Department does not regard the right of American citizens and corporations to own land in Siam as having been assured by the treaty, the present may be an opportune time for an exchange of notes whereby the Siamese Government might, without a reciprocal assurance by this Government, recognize the right of American citizens and corporations to own land in Siam wherever ownership of such land is "incident to or necessary for trade" within the meaning of Article I of the Treaty.

The Treaty of December 16, 1920, does not appear to the Department to be fairly open to the construction that it was intended to confer upon American citizens and corporations or other concerns the right to own land in Siam. On the other hand, the omission from the Treaty of provisions relating to the acquisition of land does not, in the view of this Government, afford any sanction for the disturbance of interests actually vested in American citizens and concerns prior to the coming into force of the Treaty, and such interests are not regarded by this Government as having been affected in any way by the provision in the Treaty with respect to the termination of previous treaties, conventions, agreements and arrangements between the High Contracting Parties. Your statements concerning the desirability of a recognition by the Siamese Government of the right of American citizens and concerns to own land in Siam are understood to relate to the right of such citizens and concerns to acquire land in the future.

Since it is not apprehended that the view of the Siamese Government with respect to the status of vested interests of American

citizens and concerns is at variance with the view of this Government, the Department does not perceive that there is any occasion for a formal discussion by the two governments of the status of such interests. The future acquisition of land in Siam by American citizens and concerns seems to the Department, under all the circumstances, to be a matter in regard to which the initiative could not, with propriety, be assumed by this Government. The Department is therefore not prepared to authorize you to propose to the Siamese Government an exchange of notes concerning the right of American citizens and concerns to hold or acquire land in Siam. If, however, the Siamese Government should take the initiative in the matter, you may bring to the attention of that Government the facts stated below in regard to the Federal and State laws of the United States concerning the ownership of land by aliens, and in this connection you may say that this Government would be glad to receive any assurance which the Siamese Government may see its way clear to give in regard to the acquisition of land in Siam by American citizens and concerns.

The right of aliens to acquire and hold title to real property other than Federal lands in the United States is, in general, controlled by the laws of the particular State in which the property in question is located. In many of the States no distinction is made between aliens and citizens; in others aliens are accorded the same rights as are accorded to American citizens by the laws of the countries of which the aliens are subjects; and in still others they may acquire and hold real property indefinitely for specified purposes. While in some States title acquired by aliens may be escheated to the States by appropriate judicial proceedings, aliens are permitted in all States freely to dispose, either by sale or by devise, of any lands held by them at any time prior to the escheatment.

Under the applicable Federal statutes title to Federal lands can be acquired directly from the Government only by American citizens. Title to privately owned lands in the territories of the United States may, however, in accordance with the provisions of an Act of Congress, approved March 2, 1897, (29 Stat. L. page 618), be acquired by aliens resident in the United States and may be held so long as they, in good faith, continue to reside in this country. Resident aliens are also permitted freely to dispose of such lands at any time within ten years after they have abandoned their residence in this country.

I am [etc.]

For the Secretary of State:

HENRY P. FLETCHER

711.922/29 : Telegram

The Secretary of State to the Chargé in Siam (Williams)

WASHINGTON, January 18, 1922—3 p. m.

4. Referring to your despatches 181 November 17, and 191 November 26, 1921, instructions based upon your 167, October 28, 1921, have been mailed to you. You will avoid, save as the due protection of American interests may require, any issue on this subject. For your confidential information. All provisions concerning land tenure and many of the customary provisions for most favored nation treatment were intentionally omitted from the Siamese Treaty in order to avoid complicating certain pending questions such as that created by the alien land laws recently adopted in various states.

HUGHES

892.5211/5

The Minister in Siam (Brodie) to the Secretary of State

No. 26

BANGKOK, February 27, 1922.

[Received April 17.]

SIR: The Department will recall that in the course of the Note of November 23, 1921,¹¹ transmitted as an enclosure to the Legation's despatch No. 191, of November 26, 1921, the Minister for Foreign Affairs stated that enquiry had been made of the Ministry of Lands and Agriculture by American citizens with regard to their rights, if any, of assumption of land mortgages in Siam. Inasmuch as the particular provisions of the present Treaty were reciprocal, Prince Devawongse sought accordingly information as to the extent of corresponding Siamese rights in America.

The Legation had prior to that date invited the attention of the Department to the mortgage-privilege phase of the land-ownership question, by a detailed statement of the present position in despatches Nos. 167, and 169, of October 28, and 29, 1921. In view, therefore, of the raising of the question anew by the Siamese Government, the Chief of Mission requested, under date of November 26, 1921, telegraphic instructions upon the general subject. In due course, the Legation was accordingly informed by the Department's telegram No. 4, of January 18, 3 p. m., that definite instructions based upon the despatches enumerated above had been forwarded by mail.

I now have the honor to acknowledge receipt of the Department's mail instruction No. 28, of January 11, 1922, notifying to the Legation that,—

¹¹ Not printed.

"The Treaty of December 16, 1920, does not appear to the Department to be fairly open to the construction that it was intended to confer upon American citizens and corporations or other concerns the right to own land in Siam."

The Legation is instructed further that,—

"If, however, the Siamese Government should take the initiative in the matter, you may bring to the attention of that Government the facts . . . in regard to the Federal and State laws of the United States concerning the ownership of land by aliens. . . ." ¹²

Reference has not been made specifically to the circumstance that American corporations have explained to the Legation the practice of utilizing mortgage rights for business purposes in the provinces, to the present Ministerial regulation that cases involving mortgage features must be referred to the Foreign Office for decision, nor to the request of Prince Devawongse for information as to mortgage rights of Siamese subjects under American Federal and State legislation.

I would therefore respectfully request explicit instructions as to the rights of Siamese subjects resident in the United States to assume mortgage rights over Federal lands,— in either contingency, whether or not legal title to the property passes to the lender immediately upon conclusion of the mortgage. I venture further to enquire, for the general information of the Foreign Office, the permissive or discriminatory nature of the present trend of legislation in a majority of states upon this issue.

The unusual status of the question of land ownership in Far Eastern countries has made fundamentally necessary clear instruction from the Department upon this subject. The Siamese Government have taken the viewpoint that such provisions of the Treaty are reciprocal. Enquiry has accordingly been made of the Legation both by the Foreign Office and by American citizens as to the exact status of Siamese rights in the United States, since that position will determine the corresponding status of Americans resident in Siam "in respect of land title and interests." I wish, therefore, to renew to the Department the Legation's previous requests for information.

I have [etc.]

EDWARD E. BRODIE

892.5211/6

The Minister in Siam (Brodie) to the Secretary of State

No. 36

BANGKOK, March 10, 1922.

[Received April 24.]

SIR: I have the honor to refer specifically to the Legation's despatches No. 167, of October 28, 1921, No. 169, of October 29, 1921,

No. 175 of November 14, 1921,¹⁸ No. 181, of November 17, 1921, No. 191, of November 26, 1921, and No. 26, of February 27, 1922, and to the Department's mail instruction No. 28, of January 11, 1922, and telegraphic instruction No. 4, of January 18, 3:00 p. m., which together constitute the dossier relative to the possibility of ownership of land in the future by American citizens resident in Siam.

2. I did not fail to communicate to the Foreign Office the substance of the Department's views in this connection, as expressed in the mail instruction of January 11, 1922. Inasmuch as the Siamese Government had definitely taken the initiative in the matter, through the formal enquiry of the Minister for Foreign Affairs of November last, reported in the Legation's despatch No. 191, I deemed it proper to indicate, to the extent possible, the Department's attitude upon the general subject. While intimating my satisfaction that a question of administrative policy in Siam should have brought together the Governments in friendly consultation, I was careful to recall the circumstance that discussion of the question of land-ownership now occurred at the express wish of the Siamese Government. After pointing out that the federal system implied an execution of laws relative to property rights through the State Authorities, I invited attention to conditions actually existing, making it demonstrably clear that land legislation in a majority of States has, broadly speaking, been based upon the principle either of equal treatment or of reciprocity. I concluded my Note of the twenty-seventh ultimo by stating explicitly that the American Government would welcome any assurances of the sort that the Foreign Office might feel prepared to advance.

3. The Minister for Foreign Affairs replied to my communication in a lengthy Note of the sixth instant, explaining that his original enquiry had borne reference to the interpretation which the Department might place upon Article I., of the Treaty of December 16, 1920, in the light of the reciprocity contemplated in that understanding, and adding that there existed special circumstances which restrained the free action of the Government in dealing with questions such as the ownership by foreigners of land in Siam. As regards the latter point, I might refer in passing to the statements contained in the Legation's despatch No. 181, of November 17, 1921. Prince Devawongse then added, in a very considerate tone,—

“Should my Government voluntarily and without consideration extend to American citizens privileges beyond those stipulated for in the Treaty of 1920, it might be constrained through most favoured nation clauses contained in treaties with other Powers, to extend the

¹⁸ No. 175 not printed.

same privileges to the nationals of those Powers. These Powers still retain consular jurisdiction and maintain restrictions upon the fiscal autonomy of Siam. It is not desirable, and I am sure that this will be readily perceived by you, that a valuable privileges [*sic*] should be extended gratuitously to those Powers which have not modified their position in those respects as your Government has very generously done."

In view of the very difficult position thus created, the Foreign Minister renewed, therefore, his request for a reasonable interpretation by the American Government of Article I., of the Treaty.

4. Prince Devawongse in his reply to an unusual degree confided frankly in the good faith of the American Government. The Department is perhaps aware that the very existence of Siam has in the past been threatened by colonial imperialism, and, in consequence, Siamese statesmen hardly, if ever, bring up the subject of their international obligations. The Minister intimated openly,—

"One way . . . to meet this situation seems to me to be through an interpretation of Article I., of the Treaty of 1920, . . . (which) . . ., however, would have to be a reasonable one, otherwise my Government would be faced with a situation in which it might be forced to extend such privileges to nationals of other Powers through the operation of the most-favoured-nation clauses."¹⁴

5. It would be well to stress further the very circumstance of the friendly confidence shown by the Minister for Foreign Affairs. Prince Devawongse has held office for thirty-six years, and the arduous nature of his duties has recently proven almost too burdensome for the veteran statesman. Following upon a serious illness during the autumn, speculation has been concerned both with the possibility of his retirement and with the selection of his successor. Prince Devawongse has carefully explained that,—

"For the reasons already given, I have considerable difficulty in formulating a binding assurance as to ownership of land in Siam by Americans, which would go beyond the terms of the Treaty of 1920. However, I can assure you that this difficulty is not due to any unwillingness on the part of my Government to extend to American citizens and others entitled to the protection of the United States the full privileges of land ownership enjoyed by the nationals of the most favoured nation but solely to the condition arising from most favoured nation clauses in treaties with other Powers to which I have alluded."

While inviting consideration to this free expression of Government policy, I would voice the opinion that a more favorable attitude is never likely in the future to be assumed by the Foreign Office. The question simply arises as to the advantage of disposing of an issue

¹⁴ The omissions in this quotation are indicated in the original despatch.

of considerable difficulty in an atmosphere of present friendliness over the advisability of its postponement to a later date.

6. The Legation has now sketched in rough outline the circumstances environment to the question of land ownership in Siam. Further action must obviously await further instruction. Yet responsible American citizens have continuously approached the Legation for information regarding their rights in fundamental matters of policy that have remained unsettled for more than two years. If the viewpoint expressed in the course of paragraph two on page one of the instruction of January 11, 1922, is the authoritative interpretation of Article I., I would respectfully request instruction anew to represent it to the Foreign Office. The implications of such a course are obvious: the provisions of the Treaty are reciprocal; the Siamese Government are bound by international obligations; and there remains but a single conclusion to be deduced. American commercial enterprise in Siam must operate in the future under the handicap of a loss of equality of opportunity.

7. Such then is the position. 'Article I., of the Treaty, was drafted in such a manner as to express more especially the views of the Department': an interpretation of its provision has accordingly been sought by the Foreign Office here. Prince Devawongse has stated that the Treaty is in the connection reciprocal, but that the Government are precluded from exceeding its limits by other foreign agreements. I venture therefore to formulate again the enquiry made in the first paragraph of the Legation's despatch No. 167, of October 28, 1921.

I have [etc.]

EDWARD E. BRODIE

892.5211/6

The Secretary of State to the Minister in Siam (Brodie)

No. 53

WASHINGTON, June 23, 1922.

SIR: The Department has received and carefully considered your despatch of March 10, 1922, in which you enclose a copy of your note to the Minister for Foreign Affairs dated February 27, 1922, and a copy of the Minister's reply thereto dated March 6, 1922,¹⁰ in regard to the right of American citizens to own land in Siam under Article I of the Treaty with that country.

The Department desires to inform you that Article I of the Treaty with Siam was drafted with extreme care in order to define accurately the rights which this Government was prepared to accord to Siamese resident in the United States. The Department is aware that the

¹⁰ Enclosures not printed.

provisions of the Treaty are reciprocal and that the Siamese Government is bound by international obligations. You will, therefore, avoid raising any questions under the treaty, unless and until concrete instances of injury to, or discrimination against, American rights or interests are brought to your attention, or until otherwise instructed by the Department.

It has been the consistent policy of the Government of the United States not to conclude treaties relating to land ownership by aliens. The Treaty with Siam contains no stipulations regarding the ownership of land. Of course the fact that the right to own land has not been the subject of treaty negotiations between the two countries does not stand in the way of the acquisition of land by the nationals of either country in the other if domestic legislation permits it. The general nature of the laws in the United States with respect to the ownership of land by aliens was indicated to you in the Department's instruction of January 11, last.

The issue raised by Doctor McFarland, reported in your despatch No. 41, of March 13, 1922,¹⁷ does not appear to be one which may properly be taken up under the terms of the present treaty with Siam. If it is believed that the action of the Siamese Government amounts to a substantial injustice or to the denial of a right which could fairly be claimed, you should report the facts to the Department and await instructions.

I am [etc.]

CHARLES E. HUGHES

**EXTRADITION TREATY BETWEEN THE UNITED STATES AND SIAM,
DECEMBER 30, 1922**

Treaty Series No. 681

*Treaty between the United States of America and Siam, Signed at
Bangkok, December 30, 1922*¹⁸

The United States of America and Siam, desiring to promote the cause of justice, have resolved to conclude a treaty for the extradition of fugitives from justice, between the two countries, and have appointed for that purpose the following Plenipotentiaries:

The President: Edward E. Brodie, Envoy Extraordinary and Minister Plenipotentiary of the United States to Siam, and

His Majesty the King: His Royal Highness Prince Devawongse Varopakar, Minister for Foreign Affairs,

¹⁷ Not printed.

¹⁸ Ratification advised by the Senate, Jan. 7, 1924; ratified by the President, Jan. 10, 1924; ratified by Siam, Jan. 18, 1923; ratifications exchanged at Bangkok, Mar. 24, 1924; proclaimed, Mar. 26, 1924.

Who, after having communicated to each other their respective full powers, found to be in good and due form, have agreed upon and concluded the following articles:

ARTICLE I

It is agreed that the Government of the United States and the Government of Siam shall, upon requisition duly made as herein provided, deliver up to justice any person, over whom they respectively exercise jurisdiction who may be charged with, or may have been convicted of, any of the crimes specified in Article II of the present Treaty committed within the jurisdiction of one of the High Contracting Parties, and who shall seek an asylum or shall be found within the territories of the other; provided that such surrender shall take place only upon such evidence of criminality, as according to the laws of the place where the fugitive or person so charged shall be found, would justify his apprehension and commitment for trial if the crime or offense had been there committed.

ARTICLE II

Persons shall be delivered up according to the provisions of the present Treaty, who shall have been charged with or convicted of any of the following crimes:

1. Murder, comprehending the crimes designated by the terms parricide, assassination, manslaughter, when voluntary, poisoning or infanticide.

2. The attempt to commit murder.

3. Rape, abortion, carnal knowledge of children under the age of twelve years.

4. Abduction or detention of women or girls for immoral purposes.

5. Bigamy.

6. Arson.

7. Wilful and unlawful destruction or obstruction of railroads which endangers human life.

8. Crimes committed at sea:

- (a) Piracy, as commonly known and defined by the law of nations, or by statute;

- (b) Wrongfully sinking or destroying a vessel at sea or attempting to do so;

- (c) Mutiny or conspiracy by two or more members of the crew or other persons on board of a vessel on the high seas, for the purpose of rebelling against the authority of the Captain or Commander of such vessel, or by fraud or violence taking possession of such vessel;

- (d) Assault on board ship upon the high seas with intent to do bodily harm.

9. Burglary, defined to be the act of breaking into and entering the house of another in the night time with intent to commit a felony therein.

10. The act of breaking into and entering the offices of the Government and public authorities, or the offices of banks, banking houses, savings banks, trust companies, insurance and other companies, or other buildings not dwellings with intent to commit a felony therein.

11. Robbery, defined to be the act of feloniously and forcibly taking from the person of another goods or money by violence or by putting him in fear.

12. Forgery or the utterance of forged papers.

13. The forgery or falsification of the official acts of the Government or public authority, including Courts of Justice, or the uttering or fraudulent use of any of the same.

14. The fabrication of counterfeit money, whether coin or paper, counterfeit titles or coupons of public debt, created by National, State, Provincial, Territorial, Local or Municipal Governments, bank notes or other instruments of public credit, counterfeit seals, stamps, dies and marks of State or public administrations, and the utterance, circulation or fraudulent use of the above mentioned objects.

15. Embezzlement or criminal malversation committed within the jurisdiction of one or the other party by public officers or depositaries, where the amount embezzled exceeds two hundred dollars or Siamese equivalent.

16. Embezzlement by any person or persons hired, salaried or employed, to the detriment of their employers or principals, when the crime or offense is punishable by imprisonment or other corporal punishment by the laws of both countries, and where the amount embezzled exceeds two hundred dollars or Siamese equivalent.

17. Kidnapping of minors or adults, defined to be the abduction or detention of a person or persons, in order to exact money from them, their families, or any other person or persons, or for any other unlawful end.

18. Larceny, defined to be the theft of effects, personal property, or money, of the value of twenty-five dollars or more, or Siamese equivalent.

19. Obtaining money, valuable securities or other property by false pretences or receiving any money, valuable securities or other property knowing the same to have been unlawfully obtained, where the amount of money or the value of the property so obtained or received exceeds two hundred dollars or Siamese equivalent.

20. Perjury or subornation of perjury.

21. Fraud or breach of trust by a bailee, banker, agent, factor, trustee, executor, administrator, guardian, director or officer of any Company or Corporation, or by anyone in any fiduciary position, where the amount of money or the value of the property misappropriated exceeds two hundred dollars or Siamese equivalent.

22. Crimes and offenses against the laws of both countries for the suppression of slavery and slave trading.

23. Wilful desertion or wilful non-support of minor or dependent children.

24. Extradition shall also take place for participation in any of the crimes before mentioned as an accessory before or after the fact; provided such participation be punishable by imprisonment by the laws of both the High Contracting Parties.

ARTICLE III

The provisions of the present Treaty shall not import a claim of extradition for any crime or offense of a political character, nor for acts connected with such crimes or offenses; and no person surrendered by or to either of the High Contracting Parties in virtue of this Treaty shall be tried or punished for a political crime or offense. When the offense charged comprises the act either of murder or assassination or of poisoning, either consummated or attempted, the fact that the offense was committed or attempted against the life of the Sovereign or Head of a foreign State or against the life of any member of his family, shall not be deemed sufficient to sustain that such crime or offense was of a political character; or was an act connected with crimes or offenses of a political character.

ARTICLE IV

No person shall be tried for any crime or offense other than that for which he was surrendered.

ARTICLE V

A fugitive criminal shall not be surrendered under the provisions hereof, when, from lapse of time or other lawful cause, according to the laws of the place within the jurisdiction of which the crime was committed, the criminal is exempt from prosecution or punishment for the offense for which the surrender is asked.

ARTICLE VI

If a fugitive criminal whose surrender may be claimed pursuant to the stipulations hereof, be actually under prosecution, out on bail or in custody, for a crime or offense committed in the country where

he has sought asylum, or shall have been convicted thereof, his extradition may be deferred until such proceedings be determined, and until he shall have been set at liberty in due course of law.

ARTICLE VII

If a fugitive criminal claimed by one of the parties hereto, shall be also claimed by one or more powers pursuant to treaty provisions, on account of crimes committed within their jurisdiction, such criminal shall be delivered to that State whose demand is first received.

ARTICLE VIII

Under the stipulations of this Treaty, neither of the High Contracting Parties shall be bound to deliver up its own citizens.

ARTICLE IX

The expense of arrest, detention, examination and transportation of the accused shall be paid by the Government which has preferred the demand for extradition.

ARTICLE X

Everything found in the possession of the fugitive criminal at the time of his arrest, whether being the proceeds of the crime or offense, or which may be material as evidence in making proof of the crime, shall so far as practicable, according to the laws of either of the High Contracting Parties, be delivered up with his person at the time of surrender. Nevertheless, the rights of a third party with regard to the articles referred to shall be duly respected.

ARTICLE XI

The stipulations of the present Treaty shall be applicable to all territory wherever situated, belonging to either of the High Contracting Parties or in the occupancy and under the control of either of them, during such occupancy or control.

Requisitions for the surrender of fugitives from justice shall be made by the respective diplomatic agents of the High Contracting Parties. In the event of the absence of such agents from the country or its seat of Government, or where extradition is sought from territory included in the preceding paragraphs, other than the United States or Siam, requisitions may be made by superior consular officers. It shall be competent for such diplomatic or superior consular officers to ask and obtain a mandate or preliminary warrant of arrest for the person whose surrender is sought, whereupon the judges and magistrates of the two Governments shall respectively

have power and authority, upon complaint made under oath, to issue a warrant for the apprehension of the person charged, in order that he or she may be brought before such judge or magistrate, that the evidence of criminality may be heard and considered and if, on such hearing, the evidence be deemed sufficient to sustain the charge, it shall be the duty of the examining judge or magistrate to certify it to the proper executive authority, that a warrant may issue for the surrender of the fugitive.

In case of urgency, the application for arrest and detention may be addressed directly to the competent magistrate in conformity to the statutes in force.

The person provisionally arrested shall be released, unless within two months from the date of arrest in Siam, or from the date of commitment in the United States, the formal requisition for surrender with the documentary proofs hereinafter prescribed be made as aforesaid by the diplomatic agent of the demanding Government or, in his absence, by a consular officer thereof.

If the fugitive criminal shall have been convicted of the crime for which his surrender is asked, a copy of the sentence of the Court before which such conviction took place, duly authenticated, shall be produced. If, however, the fugitive is merely charged with crime, a duly authenticated copy of the warrant of arrest in the country where the crime was committed, and of the depositions upon which such warrant may have been issued, shall be produced, with such other evidence or proof as may be deemed competent in the case.

ARTICLE XII

In every case of a request made by either of the High Contracting Parties for the arrest, detention or extradition of fugitive criminals, the appropriate legal officers of the country where the proceedings of extradition are had, shall assist the officers of the Government demanding the extradition before the respective judges and magistrates, by every legal means within their power; and no claim whatever for compensation for any of the services so rendered shall be made against the Government demanding the extradition; provided, however, that any officer or officers of the surrendering Government so giving assistance, who shall, in the usual course of their duty, receive no salary or compensation other than specific fees for services performed, shall be entitled to receive from the Government demanding the extradition the customary fees for the acts or services performed by them, in the same manner and to the same amount as though such acts or services had been performed in ordinary criminal proceedings under the laws of the country of which they are officers.

ARTICLE XIII

The present Treaty shall be ratified by the High Contracting Parties in accordance with their respective constitutional methods and shall take effect on the date of the exchange of ratifications which shall take place at Bangkok as soon as possible.

ARTICLE XIV

The present Treaty shall remain in force for a period of ten years, and in case neither of the High Contracting Parties shall have given notice one year before the expiration of that period of its intention to terminate the Treaty, it shall continue in force until the expiration of one year from the date on which such notice of termination shall be given by either of the High Contracting Parties.

IN WITNESS WHEREOF the above named Plenipotentiaries have signed the present Treaty and have hereunto affixed their seals.

DONE in duplicate at Bangkok this thirtieth day of December, nineteen hundred and twenty-two.

[SEAL] EDWARD E. BRODIE

[SEAL] DEVAWONGSE

SPAIN

ACKNOWLEDGMENT AND THANKS BY PRESIDENT HARDING TO THE KING OF SPAIN FOR THE PROTECTION OF AMERICAN INTERESTS IN ENEMY COUNTRIES

703.5200/orig.

The Secretary of State to the Ambassador in Spain (Willard)

WASHINGTON, May 28, 1920.

SIR: As a result of conditions over which this Government has no control—conditions which make it impossible at this time for the United States to appoint either diplomatic or consular officers in Germany, Austria, and Hungary—the work of the Spanish authorities in those countries in protecting the interests of the United States has been both extended in time and intensified in nature. You will therefore express to the Government to which you are accredited the deep appreciation of this Government for the work so cheerfully and efficiently accomplished by the Spanish authorities, requesting the Spanish Government to extend to its diplomatic and consular officers in Germany, Austria, and Hungary, the sincere thanks of the Government of the United States.¹

I am [etc.]

BAINBRIDGE COLBY

703.5200/4a

The Secretary of State to the Ambassador in Spain (Woods)

No. 18

WASHINGTON, January 21, 1922.

SIR: I enclose, with office copy, a sealed communication to the King of Spain, in which the President expresses to His Majesty the thanks and appreciation of the Government and people of the United States on account of the services rendered by Spanish officials in looking after American interests in Germany and Austria Hungary during the late war.

You will please forward the office copy to the Minister for Foreign Affairs and deliver the original in the manner most agreeable to His Majesty.

I am [etc.]

For the Secretary of State:

HENRY P. FLETCHER

¹ Copies of this instruction sent the Commissioners at Berlin, Budapest, and Vienna, June 2, 1920.

[Enclosure]

President Harding to King Alfonso XIII

GREAT AND GOOD FRIEND: When by force of events the entry of the United States into the late war as a belligerent became inescapable, Your Majesty graciously consented to permit the diplomatic and consular officers of Spain to take charge of American interests in Germany and Austria-Hungary. For more than four years the task thus undertaken was performed by these officers, often with personal self-sacrifice, in a manner which left nothing to be desired by the Government of the United States, and with a willingness and an efficiency deserving and receiving the gratitude of that Government.

While the Government of the United States has not failed to express its appreciation to individual Spanish officials, now that the resumption of diplomatic relations by the United States with Germany, Austria and Hungary has made unnecessary the further exercise of the good offices of Your Majesty's officers, I deem it a duty, in the discharge of which I find exceptional pleasure, to assure Your Majesty of the grateful thanks of the Government and people of the United States for Your Majesty's favor and of their high sense of appreciation of the valuable services which Your Majesty's officers have rendered in their behalf.

May God have Your Majesty in His wise Keeping.

WARREN G. HARDING

By the President:

CHARLES E. HUGHES

Secretary of State

WASHINGTON, January 13, 1922.

703.5200/6

The Spanish Ambassador (Riaño) to the Secretary of State

[Translation *]

37-03

WASHINGTON, June 15, 1922.

MR. SECRETARY: I have the honor to forward to Your Excellency, together with the usual office copy and with a request that you kindly cause it to reach its high destination, the letter which His Majesty the King, my August Sovereign, sends to the President of the Republic of the United States in reply to that expressing the gratefulness of the North American people and Government for the mission assumed by Spain during the late war.

I avail myself [etc.]

JUAN RIAÑO

* File translation revised.

[Enclosure—Translation *]

King Alfonso XIII to President Harding

GREAT AND GOOD FRIEND: We have been highly gratified at receiving your letter by which you were pleased to express to us the gratitude and regard of the people and Government of the United States for the mission undertaken by Spain during the course of the late war when it took charge of the protection of North Americans in Germany and Austria-Hungary. In receiving with sentiments of high consideration and esteem so great a testimonial of gratitude, we take pleasure in expressing to Your Excellency the satisfaction we derive from the praise addressed to the Spanish officials for their zeal in performing the duties placed upon them by the mission with which they were entrusted, the outcome no doubt of the good friendship which Spain bears to the United States. We pray God for your personal happiness and that of the North American people and take great pleasure in reiterating to you the assurances of our regard and the esteem with which we are

Great and Good Friend

Your Good Friend

ALFONSO

Countersigned JOAQUIN FERNÁNDEZ PRIDA

Minister of State

At the Palace in Madrid,

*May 16, 1922.*DENOUNCEMENT BY SPAIN OF THE RECIPROCITY AGREEMENT OF AUGUST 1, 1906, BETWEEN THE UNITED STATES AND SPAIN¹

611.5231/146

The Spanish Ambassador (Riaño) to the Secretary of State

[Translation *]

No. 40-04

WASHINGTON, November 5, 1922.

MR. SECRETARY: In compliance with instructions from His Majesty's Government, I have the honor to address Your Excellency and to state that the Government of Spain denounces as of today, November 5, 1922, the "Reciprocity agreement between Spain and the United States" signed at San Sebastian August 1, 1906, in the exercise of the power conferred by Article III of the said Convention, which will therefore terminate on the 5th of November, 1923.²

I avail [etc.]

JUAN RIAÑO

¹ File translation revised.² For text of agreement, see *Foreign Relations*, 1906, pt. 2, p. 1342.

³ The agreement of Aug. 1, 1906, however, had been terminated, effective Aug. 7, 1910, upon notice of the United States to the Government of Spain through its Minister, under date of Aug. 7, 1909. The notice also included the supplemental commercial agreement between the United States and Spain concluded on Feb. 20, 1909. See *ibid.*, 1909, pp. 549-551.

611.5281/150

The Ambassador in Spain (Woods) to the Secretary of State

No. 380

MADRID, November 14, 1922.

[Received November 28.]

SIR: Confirming my cable No. 66 of November 9, 1 P. M.,^a I have the honor to transmit herewith, in copy and translation, the text of the Note, No. 139, received November 9, 1922, under date of November 5, 1922, from the Minister for Foreign Affairs. The Department will note that the Minister of State, in accordance with Spanish Tariff Law, denounces, on one year's notice, the Commercial Agreement of August 1, 1906, as provided for in Article 3 thereof. The Department, moreover, will observe that the Minister of State recognizes the 1906 Agreement as being in full force and effect, and expresses on behalf of the Spanish Government the desire to reach an agreement for the negotiation of a new commercial treaty.

The Department is aware that many advantages have been conceded by Spain to France, England, Switzerland and other countries through treaties which she has recently negotiated on the "quid pro quo" basis provided for under Spanish Tariff Law. This denunciation, giving one year's notice in accordance with Article 3 of the aforesaid Agreement of 1906, is, I believe, highly advantageous to American business interests, as it evidently gives them during that year the benefit, under the "most-favored-nation" clause of the Agreement of 1906, of the advantages already gained by the other principal trading nations through treaty concessions.

During my recent visit to the United States, I discussed at length the background of the present situation with Mr. William R. Castle, Jr., Chief of the Division of Western European Affairs, who should be in a position to acquaint you with my views on any phase of the matter which you might care to consider in reaching a decision with regard to entering into new treaty negotiations with the Spanish Government.

In connection with the significance to be attached to the fact that the Minister of State recognizes the 1906 Agreement as being in full force and effect, I have the honor to call the Department's attention to its confidential instruction No. 88 of August 10, 1922.^a

I have [etc.]

CYRUS E. WOODS

^a Not printed.

[Enclosure—Translation *]

The Spanish Minister for Foreign Affairs (Prida) to the American Ambassador (Woods)

No. 139

MADRID, November 5, 1922.

SIR: Since the law of April 22 of the present year prescribes that such tariff reductions as may be conceded by Spain to any nation can be extended to another only by virtue of a special agreement and the obtainment of equivalent advantages, and since the commercial agreement of August 1, 1906, now in force between Spain and the United States is in conflict with that law, therefore His Majesty's Government finds itself obliged to denounce the aforesaid agreement in order to comply with the terms of that law.

Consequently, instructions have been issued to His Majesty's Ambassador in Washington to notify the North American Government as of this date of the denunciation of the commercial agreement in question, which, therefore, will terminate on November 5, 1923, in accordance with its third article.

Nevertheless, as His Majesty's Government is desirous that commercial relations between Spain and the United States shall not suffer any deterioration upon the termination of the present contractual regime, it is disposed to come to an agreement with the North American Government for the negotiation of a new commercial agreement.

In informing Your Excellency of the above, with the request that you will kindly bring it to the attention of your Government, I take the opportunity [etc.]

FERNANDEZ PRIDA

611.5231/146

The Secretary of State to the Spanish Ambassador (Riaño)

WASHINGTON, November 16, 1922.

EXCELLENCY: I have the honor to acknowledge the receipt of your note of November 5, 1922, informing me, by direction of your Government, that in the exercise of the power conferred by Article III of the Reciprocity agreement between the United States and Spain signed at San Sebastian August 1, 1906, the Government of Spain denounces, as of the date in your note, the said agreement, which, you add, will, therefore, terminate on November 5, 1923.

Due note has been taken of Your Excellency's announcement.

Accept [etc.]

CHARLES E. HUGHES

* File translation revised.

TURKEY

REFUSAL BY THE UNITED STATES TO COMMIT ITSELF TO MEASURES FOR THE PROTECTION OF MINORITIES IN TURKEY¹

867.4016/459

The British Ambassador (Geddes) to the Secretary of State

No. 367

WASHINGTON, May 15, 1922.

SIR: I have the honour on instructions from my Government to draw your attention to the renewal in Asia Minor, by the Angora Turkish authorities, of the deportations of the Christian minorities. Evidence of the renewal of these deportations, gathered mostly from the workers of the American Near East Relief, is contained in the enclosed memorandum² which embodies reports recently communicated to His Majesty's Government by His Majesty's High Commissioner at Constantinople.

His Majesty's Government, who have, in the proposed terms of peace with Turkey now under discussion, assumed a serious responsibility for the future protection of these Christian minorities, feel that they cannot allow reports of this nature to remain uninvestigated or such incidents to continue unchecked. They accordingly propose that the United States, French, Italian and British Governments should at once depute a carefully selected Officer to proceed to Trebizond or to whatever Black Sea port may be most suitable for the purpose, with a view to proceeding to such places in the interior as may best enable them to conduct the necessary investigation. While the permission of the Angora authorities will have to be obtained and facilities demanded from them, His Majesty's Government consider that it will be difficult for these to be refused, since it is the contention of the Turkish nationalists, as evidenced by memoranda recently communicated to His Majesty's Government, that these deportations and massacres either have not taken place or, if they have, that they have been provoked by the conduct of the Greek and other minorities concerned. Should permission however be refused, His Majesty's Government feel that they will have no course but to reconsider their entire attitude towards the present peace

¹ For an account of American relief activities on behalf of Greeks evacuated from Turkish territory, see pp. 414 ff.

² Not printed.

proposals which obviously could not be pursued with any chance of success in conditions such as those existing.

In communicating to the United States Government the views of His Majesty's Government on the present situation in Asia Minor, I am instructed most earnestly to urge that the United States Government may agree to the proposal outlined above and may be prepared to instruct the United States High Commissioner at Constantinople to act in concert with his British, French and Italian colleagues in carrying it out.

I have [etc.]

A. C. GEDDES

867.4016/463 : Telegram

The High Commissioner at Constantinople (Bristol) to the Secretary of State

[Paraphrase]

CONSTANTINOPLE, *May 18, 1922*—5 p. m.

[Received 11:06 p. m.]

70. Yesterday I received a visit from the British High Commissioner, who called to show me instructions which his Government had sent him concerning the British Foreign Secretary's proposal that a commission of Allied and American officers be appointed to investigate the condition of the Christian minorities in Anatolia. As I understand it, an invitation has been extended through our Embassy in London for American representation on this commission. I recommend that this invitation be declined although I fully realize the difficult position in which this invitation places the Department and the state of American public sentiment. My reasons are as follows:

1. The occasion for the present agitation is the report by Mr. Yowell.³ The events with which this report deals took place some months ago, and their causes go back to the occupation of Smyrna, the enlistment by the French of Armenians in Cilicia, and the Greek atrocities against the Turks a year ago along the Marmora coast.

2. There are many indications that the British are using the Yowell report for anti-Turkish propaganda, to strengthen their position in the Near East.

3. The plight of the minorities in Anatolia has been known for a long time by the British, full information having been given last fall to us among others by Colonel Rawlinson.⁴

³ Not printed.

⁴ Lieut. Col. Sir Alfred Rawlinson of the British Army.

4. It is significant that the outcry at present coincides with report that the British are renewing their efforts to induce the French to make a strong reply to the last note from Angora.

5. The tone of the Foreign Secretary's telegram and the publicity which it was given in the Commons and in an official British press despatch clearly indicate that the purpose is political propaganda.

6. Within the last few days I have received a telegram from Miss Billings⁵ saying that there have been no massacres at Harput. She is in constant communication with that place.

I transmitted Mr. Yowell's report with my despatch 201, May 9.⁶ I reported the publicity which it was given and the results of this publicity in my despatch 214, May 17.⁶

BRISTOL

887.4016/493

The British Embassy to the Department of State

No. 382

MEMORANDUM

There seems to His Majesty's Government to be a real danger that the Turkish deportations and outrages in Eastern Anatolia and the action being taken upon them may lead to retaliations in territory in Greek occupation either at once or when the evacuation begins. To avoid any such danger and in order that the Governments concerned may be in possession of accurate information as to what is passing on both sides, His Majesty's Government trust that the United States Government will see their way to instruct their Representative at Athens to join with his British colleague in requesting the Greek Government to assent to the despatch of officers also to regions in Greek occupation.

A similar communication has been addressed to the French and Italian Governments.

WASHINGTON, May 19, 1922.

887.4016/498

The Secretary of State to President Harding

WASHINGTON, May 20, 1922.

MY DEAR MR. PRESIDENT: I assumed in our interview yesterday that I was to await further word from you with respect to our participation in the proposed inquiry into the atrocities in Anatolia. I write you merely to be sure that there is no misunderstanding. Of

⁵ Miss Florence Billings of the Near East Relief.

⁶ Not printed.

course, I do not wish to ask for any decision until you have had an opportunity to give the matter mature consideration.

Faithfully yours,

CHARLES E. HUGHES

867.4016/498

President Harding to the Secretary of State

WASHINGTON, May 20, 1922.

MY DEAR SECRETARY HUGHES: I have your note of this morning relating to our participation in the proposed inquiry into the atrocities in Armenia. Frankly, I very much hesitate to hold aloof from a participation which makes such a strong appeal to a very large portion of our American citizenship. At the same time I can not escape the feeling that we will be utterly helpless to do anything effective in case an investigation proves the statements concerning atrocities are substantiated. I am very sure that there will be no American support for a proposal to send an armed force there to correct any abuses which are proven. I am wondering if the possible manifestation of our impotence would not be more humiliating than our non-participation is distressing. However, if you are well convinced that we may venture upon this enterprise without regrets I am content to trust your judgment quite as much as my own. We can call upon General Harbord to participate in such an investigation and I should have no hesitancy to place the fullest confidence in any report to which he subscribes his name. I think, even at the risk of criticism, our expressed willingness to participate in such an investigation ought to carry with it a hint that it is not consistent with the American policy to call upon our armed forces to minister to all the troubled spots of the world.

I am wholly conscious of a highly sentimental and very earnest sympathy among our people for the unfortunate Armenians. I doubt very much if that sympathy would assert itself in a positive maintenance if we were called upon to participate in a drastic action to cure conditions there.

Very truly yours,

WARREN G. HARDING

867.4016/498

The Secretary of State to President Harding

WASHINGTON, May 25, 1922.

MY DEAR MR. HARDING: Referring to your letter, under date of May twentieth, and our interview on Tuesday, with respect to the

British proposal for an investigation of the reported atrocities in Anatolia, I should like to emphasize the following considerations. I am unable to say that we can take part in the inquiry with complete assurance that there will be no occasion for regretting this course, but, on the other hand, it is necessary to take account fully of the alternative.

Permit me to call attention to the exact nature of the proposal contained in the British Ambassador's memorandum of May fifteenth to which I have referred in our interviews. I enclose a copy.⁷ The British Government, referring to the memorandum based on reports of American workers of the Near East Relief, proposes

"that the United States, French, Italian and British Governments should at once depute a carefully selected Officer to proceed to Trebizond, or to whatever Black Sea port that may be most suitable for the purpose, with a view to proceeding to such places in the interior as may best enable them to conduct the necessary investigation."

Since the receipt of this note, the British Ambassador has sent me another memorandum (of which I also enclose a copy)⁸ stating "that the Turkish deportations and outrages in Eastern Anatolia and the action being taken upon them may lead to retaliations in territory in Greek occupation" and that "to avoid any such danger and in order that the Governments concerned may be in possession of accurate information as to what is passing on both sides" the British Government desires that the United States Government should join in the request that the Greek authorities should consent to the "despatch of Officers to regions in Greek occupation."

It will be observed that the proposal may be taken as being limited solely to an inquiry to obtain accurate information as to atrocities, in Anatolia, committed on both sides. Certainly, if we designate an Officer, we can strictly limit his duty to participation in an inquiry and make it perfectly clear that we enter into no commitment to the employment of armed forces and do not pledge ourselves to any action beyond ascertaining and reporting the facts relating to the atrocities in question.

I am in entire accord with your suggestion that a difficult situation may arise in case an investigation proves the statements concerning atrocities to be correct. But I suggest that the real difficulty will be due to the fact of the atrocities rather than to our joining in the inquiry. The fact of the atrocities is likely to appear in any event. Whatever responsibility may attach to us by reason of the commission of the atrocities will exist in any event. Indeed, if our refusal to

⁷ Not printed.

⁸ Memorandum of May 19, p. 921.

participate in the inquiry were believed to have resulted in a continuance of the atrocities we should be under a more serious responsibility. As it seems to me, we are faced with a situation created by the proposal for an inquiry and we cannot escape the responsibility which will attach to our action in refusing to participate. The question really is, I take it, what are likely to be the consequences of our refusal or consent?

Our refusal to join in the inquiry would probably have these consequences:

(1) We should offend a large body of Americans who have deep interest in the Christians of Anatolia. It would be difficult to explain our refusal to their satisfaction, as we have not been asked to do anything more than join in ascertaining the facts. They would be ready to believe the charge that this refusal was to some extent the cause of subsequent difficulties. It would be the more difficult to explain our attitude in the light of our constant insistence upon the protection of our commercial interests in the Near East. It would naturally be said that we were far more solicitous about American interest in oil than about Christian lives.

(2) Our refusal to take part in the inquiry, the British request having been made public, might easily lead the Turks to refuse permission to the other Governments to prosecute the inquiry within the territory under Turkish control. This would place upon us, in large measure, the apparent responsibility for defeating the inquiry and preventing the favorable consequences which might have followed it.

(3) Our refusal to meet the wishes of the British Government, and of the other Governments, in a matter not entailing any commitment on our part beyond an inquiry would tend to make it the more difficult for us to secure acquiescence in our proposals relating to the Near East. We have most important interests, those of mission stations, schools and colleges, those of commerce and industry, and however determined we are to avoid associating ourselves with disputes over boundaries, or to becoming a party to military operations, we must insist upon being heard as to our rights and upon taking part in such negotiations as may involve American interests. Our refusal to join in this inquiry will certainly not aid us and may hinder us in prosecuting our policy.

(4) Our refusal will also deprive us of the opportunity to exercise through the very fact of our presence a restraining and helpful influence. We do not need to attempt the role of mediator or arbiter, but in view of our relative disinterestedness, prestige and financial power, we may have a wholesome influence without implicating ourselves in controversies which are not of our concern. The important thing is that there should be peace in the Near East and that a condition of stability, favorable to the resident populations and likewise to our own commerce, should be created. Our refusal will make it more difficult for us to exert any helpful influence in this direction.

On the other hand, the consequences of our consent should be carefully considered:

(1) Let it be assumed, as I think it should be, that the reports as to atrocities will be proved to be correct to a substantial degree. The question, of course, will arise: What shall be done about it? We may be asked, in view of our participation in the inquiry: What are we going to do about it? It does not follow, however, that this will lead to a proposal of military operations. The British have a very small force in the Near East and are not likely to increase it. There seems no probability of an undertaking on the part of the Allies to deal with the matter by troops. They are hardly in a position to attempt that. At the most, I take it, coercion would be through a naval demonstration or economic pressure. I do not think an occasion will arise in which we will be pressed to send soldiers across the sea. Of course, anything of that sort is out of the question. Nor do I think that we will be put in a position by our joining the inquiry of being compelled to take part in measures of coercion. We have not been a party to the war in the Near East. Our position is quite different from that of the Allies. If the matter comes to a question of the employment of force, I see no reason to believe that we should get ourselves into a position even of great embarrassment. Certainly, we should not be under any commitment.

(2) On the other hand, there is a strong probability that the inquiry itself, if we join in it, will have a restraining influence and tend to prevent the commission of atrocities hereafter. It may create a situation in which it would be the easier to make peace. Dr. Barton, in his letter to me, under date of May nineteenth,⁹ makes the following points, among others:

"5. The United States' participation in such a commission of investigation would give England courage to publish the facts to the world even in the face of the Indian Moslem opposition. The cooperation of the United States would have a tendency to assure the people of India that the conditions as reported actually existed and that they were not published by England merely as a defense of her unsympathetic attitude toward the existing Turkish Government.

"6. Our participation in the investigation and in the report could not fail to have a salutary influence in France where there is a tendency to favor the Turk and to belittle reports of acts of injustice and cruelty. We cannot but believe that it would help bring about a better understanding among all the nations of Europe and furnish a basis in fact for a settlement of the Near Eastern question."

As I said at the outset, it is impossible to give an assurance that we shall not, if we join in the inquiry, find ourselves in a difficult situation. We cannot be positive, whatever course we take, that we shall not regret it; we are not infallible. But I am inclined to think we shall meet graver difficulties in refusing to join in the inquiry than through participation. We must meet each situation as it arises, and however difficult it may be, according to our best judgment. As I look at it, the probability that our participation in the inquiry will operate as a restraining influence as to future atrocities is so great that I feel that our consent is likely to be very helpful,

⁹Letter not printed; Dr. James L. Barton was the chairman of the Near East Relief and foreign secretary of the American Board of Commissioners for Foreign Missions.

while our refusal would entail a grave responsibility and expose us to severe criticism as having neglected a course which in the opinion of the large body of people interested in the Near East we could have taken without any serious commitment.

I have no desire to press the matter unduly, and I submit these considerations so that you may have all phases of it before you and may be able to reach a decision with which you will be entirely satisfied.

Faithfully yours,

CHARLES E. HUGHES

867.4016/534b

The Secretary of State to President Harding

WASHINGTON, May 27, 1922.

MY DEAR MR. PRESIDENT: Referring to our conversation today with respect to the proposed inquiry into the atrocities in Anatolia, I take the liberty of enclosing a copy of a letter addressed by Dr. Ward and Mr. Yowell to the American Consul at Aleppo, under date of April 5, 1922,¹⁰ and also a copy of Dr. Barton's letter addressed to me under date of May 19, 1922.¹¹ I also enclose the report of the statement of Mr. Austen Chamberlain in the House of Commons on May 15, 1922, taken from the *New York Times*.¹²

Permit me to again express my view of the seriousness of the decision that you are called upon to make. Our interests in the Near East are the result of generations of effort and have engaged, I may say, the Christian sentiment of the entire country. If our failure to take part in this inquiry and thus, without any further commitment on our part, to exercise a restraining influence, should lead to the virtual expulsion of our Christian missionaries and educators from Asia Minor it would be most unfortunate.

Permit me also to say that our refusal to take part in this inquiry will make, I fear, a very disagreeable impression not only here but also with that important section of opinion abroad which is most favorably disposed toward the United States.

I may add that the correspondence with the Department indicates a deep and widespread interest in this matter.

Faithfully yours,

CHARLES E. HUGHES

¹⁰ Not printed.

¹¹ Not printed; see extract quoted *supra*.

¹² See the *New York Times* of May 16, 1922.

867.4016/459

The Secretary of State to the British Ambassador (Geddes)

WASHINGTON, June 3, 1922.

EXCELLENCY: I have the honor to acknowledge the receipt of Your Excellency's note of May 15th last, referring to reports of the renewal of the deportation of Christians by the Turkish authorities at Angora, and the alleged atrocities connected therewith, and communicating the proposal of His Britannic Majesty's Government that the British, French, Italian and American Governments should at once depute carefully selected officers to proceed to such places in Anatolia as might best enable them to conduct an appropriate investigation.

In Your Excellency's subsequent memorandum of May 19th, you indicate that the Turkish deportations and outrages might lead to retaliatory action in territory held by the Greek forces and suggest that this Government should join in requesting the authorities functioning in Greece to permit the despatch of officers to regions under Greek occupation.

The situation of the Christian minorities in Turkey has enlisted to a marked degree the sympathies of the American people and it has been noted with deep concern that the work of benevolent and educational institutions in Turkey has steadily been hampered, that the rights which American citizens have long enjoyed in Turkey in common with the nationals of other Powers have often been disregarded and the property rights and interests of Americans and other foreigners placed in jeopardy.

In view of the humanitarian considerations which are involved and of the desire of this Government to have adequate information through a thorough and impartial investigation of the actual conditions prevailing in Anatolia, in order that this Government may determine its future policy in relation to the authorities concerned, the President is prepared to designate an officer or officers to take part in the proposed inquiry.

In taking this course, I should make clear to Your Excellency my understanding that the proposed action is limited in scope to an inquiry to obtain accurate data as to the situation in Anatolia for the information of the Governments participating therein, and I should advise you that this Government assumes no further obligation and enters into no commitment.

This Government suggests that in order to expedite the inquiry officers should be designated by the respective governments to institute inquiries concurrently in the districts respectively under Greek and

Turkish occupation, and that these two commissions, upon the completion of their investigation, should unite in a comprehensive report.

As I have not been advised of the reply which the French and Italian Governments may have made to the British proposal, I shall await further information before communicating with the American representatives in Constantinople and Athens regarding the designation of officers or the sending of such communications to the local Greek and Turkish authorities, as may be necessary to open the way for the proposed investigation.

Accept [etc.]

CHARLES E. HUGHES

867.4016/517: Telegram

The Chargé in Greece (Caffery) to the Secretary of State

ATHENS, June 3, 1922—4 p. m.

[Received 4:55 p. m.]

75. The Minister for Foreign Affairs asked me to telegraph Department: "Greek Government earnestly hopes for American participation on commissions to investigate Asia Minor atrocities."

[Paraphrase.] It is my opinion that the Greek Government is very anxious to have the United States participate but that the Minister for Foreign Affairs is not very hopeful that the Department will act on his request. [End paraphrase.]

CAFFERY

867.4016/522

*The British Embassy to the Department of State*¹³

AIDE MEMOIRE

His Majesty's Ambassador has been requested to express to the United States Government the cordial appreciation of His Majesty's Government of their decision to participate in the proposed enquiries in regard to alleged deportations and outrages in Anatolia.

Both the French and Italian Governments have also agreed to be represented on the Commissions.

As soon as the Secretary of State has sent instructions to Constantinople and Athens His Majesty's Government will select the requisite officials to represent them on the two Commissions.

¹³ Left with the Secretary of State by the British Ambassador, June 6, 1922.

807.4016/543a : Telegram

*The Secretary of State to the Ambassador in Great Britain
(Harvey)*

[Paraphrase]

WASHINGTON, June 16, 1922—7 p. m.

172. Foreign Office may be informed that at the proper time President Harding will name General James G. Harbord and General Henry T. Allen as the American representatives on the Commissions of Inquiry in Anatolia. This information is confidential and not for publication at present.

Keep the Department informed regarding progress with respect to the proposed investigation.

HUGHES

807.4016/585

The British Chargé (Chilton) to the Secretary of State

No. 561

His Britannic Majesty's Chargé d'Affaires presents his compliments to the Secretary of State and, with reference to the note which Mr. Hughes was so good as to address to His Majesty's Ambassador on June 3rd conveying the acceptance of the United States Government of the invitation to participate in a commission of enquiry into the recent massacres in Asia Minor, has the honour to inform Mr. Hughes that, in deference to the opinion of the French Government, His Majesty's Government are inclined to consider that, in view of the state of war still existing between the Allies and Turkey, the prospects of securing an early and satisfactory conclusion of the proposed enquiry would be enhanced if it were entrusted to a neutral agency. The International Red Cross of Geneva are prepared, if desired, to undertake the enquiry and Mr. Chilton is instructed to ascertain whether the United States Government would agree to this offer on the part of the International Red Cross being accepted.

In the event of the United States Government agreeing to this course, His Majesty's Government would propose to invite the International Red Cross to select the members of the two commissions as soon as possible and to send them to Constantinople to discuss the question with the representatives of the four Governments there. His Majesty's Government also hope that the United States Government would in this event be prepared to send the necessary instructions to their representatives at Constantinople and Athens in

order to allow of the necessary request for facilities being formally addressed to the Greek Government and the Nationalist Government at Angora with the least possible delay.

WASHINGTON, *July 19, 1922.*

867.4016/585

The Secretary of State to President Harding

WASHINGTON, *July 20, 1922.*

MY DEAR MR. PRESIDENT: You will recall that on June 3rd last this Government accepted a proposal made by the British Government to participate in an investigation of alleged atrocities in Anatolia. Subsequently no action was taken to carry through this investigation due to the reluctance of the French.

I have now received a note from the British Embassy indicating that out of deference to the opinion of the French Government the British Government suggests that the inquiry be entrusted to a neutral body and propose, as an appropriate agency for the selecting of the Commissions of Investigation, the International Red Cross, which is prepared to undertake the task.

I am favorably disposed toward this suggestion, and unless you see objection, I should be glad to reply to the British Embassy that we are prepared to accept their proposal and to instruct our representatives at Constantinople and Athens to cooperate with their Allied Colleagues in extending such informal assistance as may be proper to the Commissions which may be selected by the International Red Cross.

Faithfully yours,

CHARLES E. HUGHES

867.4016/586

President Harding to the Secretary of State

WASHINGTON, *July 21, 1922.*

MY DEAR MR. SECRETARY: I have yours of July 20th, relating to the revised proposal of the British Government concerning the investigation of the alleged atrocities in Anatolia. I think it is altogether a more acceptable proposition than that which was originally made, and I will be glad to have you advise the British Government of our approval, and instruct our representatives at Constantinople and Athens to cooperate with the Allied Colleagues in facilitating the work of the International Red Cross.

Very truly yours,

WARREN G. HARDING

867.4016/606

The Secretary of State to President Harding

WASHINGTON, July 24, 1922.

MY DEAR MR. PRESIDENT: The Department receives a large number of communications with respect to the persecution of Christians in the Near East, and I have not thought it necessary to trouble you with any further discussion of policy. But Bishop Cannon of the Methodist Church recently handed me in person the following resolution adopted by the General Conference of the Methodist Episcopal Church, South:

"The General Conference memorializes the Government of the United States to take whatever steps may be necessary to stop the persecutions, which threaten the complete annihilation of the Christians in the Near East, and to give them such protection as will enable them to reestablish their desolated homes and to support themselves in decency and comfort."

I asked Bishop Cannon whether he thought we should send an American army to Turkey and I gathered that he rather favored such a course if nothing else would suffice. It seemed to be necessary to answer the communication which he left in my hands and I have accordingly drafted the enclosed reply.^{12a}

As this states a little more definitely than we have hitherto been called to state that we shall not take action which would involve us in military operations or the forcible pacification of the Near East, I shall be glad to have your approval of this letter before it is sent.

Faithfully yours,

CHARLES E. HUGHES

867.4016/607

President Harding to the Secretary of State

WASHINGTON, July 24, 1922.

MY DEAR MR. SECRETARY: I have read your proposed letter to Bishop Cannon. I cordially approve of all that you say therein. If I were to offer any criticism I should say that you have stated it with a certainty tempered with mildness which is more often attributed to me than to you. Frankly, it is difficult for me to be consistently patient with our good friends of the Church who are properly and earnestly zealous in promoting peace until it comes to making warfare on someone of a contending religion. It is, of

^{12a} Letter dated July 25, p. 932.

course, unthinkable to send an armed force to Asia Minor. We would have open rebellion in this country if we attempted it.

Let me repeat, I quite approve of your letter.

Very truly yours,

WARREN G. HARDING

867.4016/606

The Secretary of State to Bishop James Cannon, Jr., of the Methodist Episcopal Church, South

WASHINGTON, July 25, 1922.

DEAR BISHOP CANNON: Allow me to acknowledge, in somewhat greater detail than was possible at the moment of the call you were good enough to pay me on July 10th, the letter which you then handed me on behalf of the Committee on Temperance and Social Service of the United Methodist Episcopal Church, South,¹⁴ laying before the Department a resolution adopted on July 8th by your Committee,¹⁵ with regard to the Christians of the Near East.

I am fully aware that the situation of the Christian minorities in Turkey has enlisted to a marked degree the sympathies of the American people. Recent response to this sentiment was made by this Government, in signifying its readiness to participate in an international inquiry in Asia Minor.

But deeply sensible of the humanitarian interests which are involved, I am unable to conclude that I should be justified in taking action which would involve us in military operations or in the assumption of responsibilities which could not be met except by an attempt at a forcible pacification of the Near East. I may add that the Department is following carefully developments in Turkey and sincerely desires to be of service in any practicable way.

I am [etc.]

CHARLES E. HUGHES

867.4016/586

The Secretary of State to the British Chargé (Chilton)

WASHINGTON, July 26, 1922.

SIR: I beg to acknowledge the receipt of your communication of July 19th in which, in adverting to my Note of June 3rd, last, regarding the proposed Commission of Investigation in Asia Minor, you indicate that His Majesty's Government are inclined to con-

¹⁴ Not printed.

¹⁵ See letter of July 24, 1922, from the Secretary of State to President Harding, p. 931.

sider that, in view of the state of war still existing between the Allied Powers and Turkey, the prospects of securing an early and satisfactory conclusion of the inquiry would be enhanced if it were entrusted to a neutral agency. You inquire whether this Government would be willing to take advantage of the expressed willingness of the International Red Cross to undertake the investigation.

In agreeing to participate in the proposed inquiry in Asia Minor this Government's chief desire was to facilitate any humanitarian action which might tend to ameliorate the situation of the peoples of Anatolia. As the modification of the original proposal, by entrusting to the International Red Cross the conduct of the inquiry, will not alter its essential object, namely to obtain a full report regarding the situation in Asia Minor, I take pleasure in informing you of my Government's willingness to accept the offer of the International Red Cross and to extend to the Commissions which may be selected by that body the cooperation of American officials in Constantinople and Athens.

Accept [etc.]

CHARLES E. HUGHES

887.4016/587

The British Chargé (Chilton) to the Secretary of State

No. 600

WASHINGTON, August 3, 1922.

SIR: With further reference to the note which you were so good as to address to me on July 26th, in which you conveyed to me the readiness of the United States Government to accept the offer of the International Red Cross to undertake the enquiry into the recent massacres in Asia Minor, I have the honour to inform you on instructions from my Government that the International Red Cross who, at the time when they were originally invited to undertake this enquiry, were already negotiating with the authorities at Angora and Athens to secure facilities for the despatch of relief missions, have agreed to undertake this enquiry on the following specific conditions:

(1) that their missions, while primarily devoted to improving the lot of the populations in the areas concerned, will supply a report on the situation to the American, French, Italian and British Governments. It is suggested that the two Commissions to be appointed should each be composed of three Red Cross representatives and two neutrals.

(2) that the necessary expenses, which the International Red Cross have not the funds to meet, shall be paid in advance by the Governments interested. These expenses are approximately estimated at a sum of 100,000 francs as the cost of the two Commissions consisting of five members each for a period of two months. It is suggested that this sum should be secured by a contribution of one thousand pounds (£1000) from each of the four Governments concerned.

In view of the great desirability of the missions being able to proceed with the least possible delay, I am instructed to request that I may be informed at the earliest possible opportunity whether these stipulations are agreeable to the United States Government. Unless and until their suggestions are accepted, the International Red Cross are extremely anxious that no unnecessary publicity should be given to the proposed enquiry.

I have [etc.]

H. G. CHILTON

867.4016/597

The Secretary of State to the British Chargé (Chilton)

WASHINGTON, August 8, 1922.

SIR: I beg to acknowledge the receipt of your communication of the 3rd instant, referring to my note of July 26th last regarding the proposed investigation in Asia Minor. In intimating the conditions under which the International Red Cross has agreed to undertake the proposed investigation you have pointed out that this organization will require sufficient funds to meet the cost of the two commissions and have suggested that Great Britain, France, Italy and the United States should each contribute the equivalent of £1,000 for defraying the cost of the inquiry.

I take pleasure in informing you that this Government is prepared to advance to the International Red Cross for the purposes of the investigation in Anatolia the sum of £1,000 and otherwise to cooperate with the three Allied Governments in facilitating the investigation.

Accept [etc.]

CHARLES E. HUGHES

867.4016/610

The British Ambassador (Geddes) to the Secretary of State

No. 625

WASHINGTON, August 14, 1922.

SIR: With reference to the note which you were so good as to address to Mr. Chilton on August 8th, conveying the acceptance of the United States Government of the proposal advanced by the International Red Cross that the cost of the forthcoming commissions of investigation in Asia Minor should be defrayed by the four Governments concerned, I have the honour to inform you, on instructions from my Government, that a formal reply has now been received from the International Red Cross agreeing to despatch to the Greek and Kemalist areas of Anatolia, and to Thrace, missions capable of conducting a proper investigation. The Interna-

tional Red Cross further agree to communicate the report of these missions to the four Governments.

The International Red Cross are approaching the authorities at Athens and Angora with a view to securing the necessary facilities. They will be glad to receive the sum of £1,000 which, as stated in your note under reply, the United States Government are prepared to contribute towards the expenses of the Commissions.

I have [etc.]

A. C. GEDDES

867.4016/610

The Acting Secretary of State to the British Ambassador (Geddes)

WASHINGTON, August 23, 1922.

EXCELLENCY: In reply to your communication of the 14th instant in regard to the proposed investigation in Asia Minor by Commissions to be selected by the International Red Cross, I take pleasure in informing you that the American Legation at Berne has been authorized to advance to the International Red Cross the equivalent of £1,000 which this Government has agreed to contribute toward the expenses of the Commissions.

Accept [etc.]

WILLIAM PHILLIPS

867.4016/664

The High Commissioner at Constantinople (Bristol) to the Acting Secretary of State

No. 455

CONSTANTINOPLE, September 14, 1922.

[Received September 30.]

SIR: I have the honor to inform the Department that on September 8, 1922 I received a communication addressed to me by Raouf Bey, the Acting Minister for Foreign Affairs of the Angora Government, protesting against the alleged atrocities committed by the Greeks during their recent retreat in Asia Minor. On receipt of the above mentioned communication, a copy and translation of which is enclosed for the Department's information, I was struck by the opportunity which was afforded me of informally approaching the Angora Government and calling to the latter's attention what a unique opportunity they had to gain the confidence of the Christian minorities residing in Asia Minor, as well as of our own Government, by adopting a humanitarian and civilized attitude in the conduct of the occupation of the districts recently retaken from the Greek forces. I believed that such representations, if made at the psychological moment, might serve to check the Turkish forces from carrying out reprisals, such as massacres and burnings, which

seem to be the custom of warfare in this part of the world. In this connection I have the honor to call the attention of the Department to the report drawn up by the Smyrna Committee of Investigation in 1919,¹⁶ of which I was the head, and which showed that when the Greek forces retreated from a village they set fire to the Turkish quarter before leaving, and similarly when the Turkish forces retreated from a village they set fire to the Greek quarter. I therefore had an interview with Hamid Bey, the Angora Representative, on September 7, and presented him with a copy of the enclosed Memorandum, together with a French translation. In this interview I attempted to impress upon Hamid Bey that the Memorandum in question embodied my personal feelings and I most earnestly requested that this Memorandum should be transmitted to Angora without delay.

Whether my representations which I have reported above, had any effect, it is impossible to say, but, at the same time, I think it worth while to call the attention of the Department to the fact that, up to the time of the writing of this despatch, all of the reports which I have received from my Naval representatives in Smyrna would seem to indicate that the Greeks during their recent retreat systematically laid waste to the country and committed many atrocities. On the other hand, I have received no reports up to the present time of atrocities committed by the Turkish forces, and all are agreed that the Turkish occupation of Smyrna—even during the first few days when that city was practically in a panic, and when disorders of all kinds were to be feared—was carried out in a most orderly and peaceful manner.

I have [etc.]

MARK L. BRISTOL

[Enclosure 1—Translation]

*The President of the Turkish Council of Ministers (Hussein Raouf)
to the American High Commissioner (Bristol)*

ANGORA, August 31, 1922.

The undersigned, President of the Council of Ministers and Minister *ad interim* of Foreign Affairs of the Government of the Great National Assembly of Turkey, has the honor to bring to Your Excellency's knowledge the following facts that he begs you will be so good as to bring to the knowledge of your Government.

As they did after the retreat to which they were forced by the battles of In-önü and of Sakaria, the Greeks commit, in all the localities which they are forced to evacuate, crimes which are only equalled by those which they committed after the above-mentioned battles.

¹⁶ Not printed.

Thus, before leaving Afion-Karahissar and its neighborhood, the enemy set on fire most of the Mussulman quarters of the town; a great number of the surrounding villages have been subjected to the same fate, and their population has been massacred.

In certain localities, notably at Ulujik, near Altun-Tash, all the inhabitants, with the women and children, were locked up in the mosque and burned alive.

During the battle of Dumlu-Pinar, the enemy burned completely the villages of Hamam-Kyoi and Tash-Kyoi, and the inhabitants were partly massacred, partly burned alive, and partly subjected to horrible tortures. The locality of Dumlu-Pinar was specially burned down.

It is clear that the Greek Army has decided to burn the whole occupied country and to exterminate systematically the civil population.

In denouncing these atrocities, the undersigned hopes that by loudly manifesting their reprobation the Government and the press¹⁷ will try in the name of humanity to influence the Greek Government so that they will put a stop to the ferocity of their troops.

HUSSEIN RAOUF

[Enclosure 2]

The American High Commissioner (Bristol) to the President of the Turkish Council of Ministers (Hussein Raouf)

[CONSTANTINOPLE,] September 8, 1922.

MEMORANDUM

I take this occasion in a spirit of personal friendship and with the most disinterested of motives to call your attention to the fact that the eyes of the world and especially of the people of the United States are turned upon the struggle which is taking place at the present time in Asia Minor. I am convinced that this is the greatest opportunity that Turkey has had to show the world that a new regime has been established and is successfully maintaining the highest principles of civilization and humanity, and that the members of the Government at Angora are statesmen in whom not only the minorities living within the boundaries of Turkey but the entire world can have confidence.

I venture to call to your attention the fact that the present time is a crucial one in the history of the Nationalist Movement and of Turkey; that the public opinion of the world is hanging in a bal-

¹⁷ i. e., of the United States.

ance and will be swayed one way or the other according to the attitude of the combatants in the present struggle be they Greek or Turk. At the present moment the Turkish forces, as is only natural, are elated at the victories recently achieved over their opponents. I trust you will not take it amiss, therefore, if I venture to impress upon you as earnestly as is within my power to do the expediency of the Turkish High Command taking the most energetic steps to insure the populations of the occupied territories against reprisals which are often the saddest and most regrettable part of a war, and which if carried out in the present instance by the Turkish forces would serve to antagonize the public opinion of the world, and would give the opponents of Turkey an opportunity of starting a propaganda which could not fail very seriously to impair the cordial relations which we all hope to see established in the future between Turkey and the rest of the world, and which would seriously diminish the influence and prestige of the persons in the Angora Government who are responsible for the actions of the armed forces.

867.4016/653 : Telegram

*The Right Reverend Alfred Harding, Protestant Episcopal Bishop
of Washington, to President Harding*

PORTLAND, OREG., September 22, 1922.¹⁵

May I advise you that the Committee of the Episcopal Church to Cooperate with the Near East Relief has been instructed by the unanimous vote of the House of Bishops and House of Deputies to create a public sentiment which will support our President and Secretary of State in any effort, diplomatic, naval, or military, that they may make toward the establishment of justice, mercy, and peace in the stricken lands of the Near East.

ALFRED HARDING

867.4016/664 : Telegram

*The Secretary of State to the High Commissioner at Constantinople
(Bristol)*

WASHINGTON, September 30, 1922—6 p.m.

165. I have today received your despatch No. 455, September 14, and your communication of September 8th to Raouf Bey for Kemal is fully approved. Lose no opportunity to voice American sentiment by impressing upon Kemal in appropriate informal communi-

¹⁵ Received at the Department of State from the White House Sept. 29.

cation necessity of adequate protection Christian minorities and abstention from cruel acts of reprisal. Failure in this respect would arouse strongest feeling of condemnation throughout this country. Emphasize importance of immediate peaceful settlement in interest of humanity.

HUGHES

867.4016/654 : Circular telegram

The Secretary of State to the Ambassador in France (Herrick)

WASHINGTON, October 2, 1922—7 p.m.

I have received following telegram from Bishop James Cannon at Paris:

“Returned from Constantinople today find American papers quote my London *Times* article incorrectly. I said: ‘Personally believe Christian America will insist Government United States cooperate actively protect Christians in Asia Minor not only diplomatically but if necessary with army and navy to secure their result.’ I did not claim Government would certainly adopt that course. You will recall American church bodies urged State Department July take whatever steps necessary protect Eastern Christians. Prompt definite American demands supported if necessary by American naval units present would probably have prevented certainly greatly minimized Smyrna fires and massacres. I believe Almighty God will hold Government responsible for inaction while thousands murdered and deported and for failure protect against defiant heartless brutal Kemalist announcement that all refugees not removed today, Saturday, be deported which deportation means thousands more added to dead of previous Turkish deportations. Will not our Government realize its opportunity and responsibility as great Christian nation politically disinterested to demand that burnings outrages massacres cease and thus effectively prevent probably repetition in Constantinople and Thrace of 1915 Samsoun and Smyrna horrors. I believe world-wide humanity would tremendously approve. Who would dare condemn prohibition further such horror? Shall America have condemnation of Meroz? Judges 5: 23. Bishop James Cannon.”

I have sent a reply in care of Embassy for immediate delivery to Bishop Cannon or to be forwarded to him. This reply reads as follows:

“Bishop James Cannon, Care American Embassy, Paris, France. Your telegram of September 30th reached me this morning. In the present situation which has resulted from the clash of arms, the defeat of the Greek forces, the incidents of the retreat, and the reprisals effected, not only have we done all that is possible for relief and in aid of the refugees but we have exerted in an appropriate manner our influence against all acts of cruelty and oppression.

On September 8th, before the burning of Smyrna, the American High Commissioner at Constantinople voiced this country's feeling in earnestly impressing upon the Turkish Nationalist authorities the importance of taking the most energetic steps to insure the population of the occupied territories against reprisal. Instructions have been sent to continue and urge these representations and to emphasize the importance of immediate peaceful settlement in the interest of humanity. I have stated this Government's unequivocal approval of the Allied proposals to insure effectively the protection of the Christian minorities and the freedom of the Straits. American officials have intervened to secure the prolongation of the time limit for the evacuation of the refugees from Smyrna, and thousands have been evacuated as a result of American initiative.

You will also recall that in June last we agreed to join in an inquiry which we hoped would place responsibility and prevent the recurrence of atrocities.

Keenly alive to every humanitarian interest involved, this Government has not failed in any way to make the sentiment of the American people understood and to take every appropriate action. It is hardly necessary to add that we have taken proper measures for the protection of American interests.

As you are probably aware, the Executive has no authority to go beyond this and there has been no action by Congress which would justify this Government in an attempt by armed forces to pacify the Near East or to engage in acts of war in order to accomplish the results you desire with respect to the inhabitants of that territory and to determine the problems which have vexed Europe for generations. Charles E. Hughes, Secretary of State."

Repeat this telegram, including Bishop Cannon's message and my reply to Embassies London and Rome, High Commission, Constantinople and Legation, Athens.

HUGHES

867.4016/724

The Representative of the Greek Government (Vouros) to the Chief of the Division of Near Eastern Affairs, Department of State (Dulles)

WASHINGTON, October 10, 1922.

MY DEAR MR. DULLES: I beg to inform you that my Government has instructed me to lay before the American Government an urgent protest against the order of the Kemalists for the deportation of the male Christian population in the interior of Asia Minor.

The refugees, who up to the present moment, have arrived in Greece and who exceed half a million, are exclusively women and children under 15 years of age, or aged men above sixty. This separation of the heads of families from their own families, who

thus remain without support, makes the work of relief exceedingly difficult.

An elementary humanitarian duty imposes on the Christian world to come to the assistance of these Christians thus deported to the interior of Asia Minor.

My Government believes that it is advisable that committees be constituted by the International Red Cross and eventually also by the League of Nations and other organizations, especially American, which shall be entrusted with the duty of following the fate of these unfortunate populations and save them from certain death which will be the inevitable result of the exactions inflicted upon them.

According to existing information the deported exceed one hundred thousand men.

The Greek Government has already addressed in the above sense an appeal to the International Red Cross and the League of Nations. It considers, however, that it would be of real effect if the Allied Great Powers use all their influence with Khemal to the effect of saving these deportees and that they were willing to assist in the manner they deem advisable, the work for the relief of these unfortunate ones.

Trusting, my dear Mr. Dulles, that you will be kind enough to bring the above appeal to the attention of the American Government, I beg [etc.]

A. VOURO

867.4016/717

The International Committee of the Red Cross to the Department of State

[Translation ¹⁹]

GENEVA, October 20, 1922.

[Received November 2.]

GENTLEMEN: We have the honor to forward herewith to you the various letters ²⁰ we have exchanged with the Foreign Office about the organization of the Relief Mission to Anatolia and Thrace, with which the International Committee of the Red Cross had been charged by the American, British, French, and Italian Governments.

The International Committee of the Red Cross did not fail to take all necessary steps to that effect, but has not yet received from Angora the needed permissions to accomplish the above-mentioned mission.

¹⁹ File translation revised.

²⁰ Not printed.

The International Committee of the Red Cross takes this opportunity to thank the Department of State for the confidence which the Department, jointly with the British, French, and Italian Governments, was pleased to place in it by charging it with that eminently humanitarian duty.

We beg [etc.]

LUCIEN BRUNEL
Secretary General of the Mission Service

867.4016/724

The Chief of the Division of Near Eastern Affairs, Department of State (Dulles) to the Representative of the Greek Government (Vouros)

WASHINGTON, October 21, 1922.

MY DEAR MR. VOURES: I beg to acknowledge the receipt of your letter of the 10th instant, advising that you have been instructed to protest against the order of the Kemalists for the deportation of the male Christian population into the interior of Asia Minor, and stating, further, the belief of the Greek authorities that it is advisable that committees be constituted by the International Red Cross and eventually also by the League of Nations and other organizations, especially American, which should be entrusted with the duty of following the fate of these unfortunate people.

In this connection, I desire to advise you of certain relief measures already taken to meet the emergency in the Near East.

On October 8th the President issued a statement, a copy of which is enclosed herewith,²¹ regarding the distressing situation in the Near East. As you will note, a special fund has been created, to be known as the "Near East Emergency Fund" which is to be raised by a nation-wide appeal to be engaged in by the American Red Cross, the Near East Relief, the Young Men's Christian Association, the Young Women's Christian Association, the Federal Council of Churches, the Knights of Columbus, the American Relief Administration, the Jewish Joint Distribution Committee and other organizations having interests in the Near East. To assist in the joint appeal to the public, a special committee has been named, under the chairmanship of Mr. Will H. Hays.

It has been arranged, further, that the American Red Cross and the Near East Relief shall be the instrumentalities through which relief will be extended. Dr. A. Ross Hill, of the American Red Cross,

²¹ See telegram no. 183, Oct. 9, 1922, to the High Commissioner at Constantinople, p. 433.

has already left for Athens, where he will have charge of the relief activities of that organization in Europe.

As to the work already done in Turkey to meet the emergency, Admiral Bristol recently reported to the Department that for a month past American relief organizations in Constantinople have been working in the closest cooperation in emergency relief work under the direction of a central American committee. This committee has representatives on the committee headed by Mr. Nansen, in order to bring about the closest cooperation with the latter. Admiral Bristol has further reported, the evacuation, through Smyrna and neighboring ports, of two hundred and twenty-two thousand persons since the Smyrna fire. Of these refugees, one hundred and eighty thousand were evacuated by American Naval forces and the American Relief Committee, with the assistance of forces of the British Navy.

I am [etc.]

A. W. DULLES

867.4016/707a : Telegram

*The Secretary of State to the High Commissioner at Constantinople
(Bristol)*

WASHINGTON, October 24, 1922—4 p. m.

211. Promptly telegraph information on following points:

(1) Has any exodus of Christian populations of Constantinople begun?

(2) Do you consider that Christian population Constantinople would be safe after reoccupation of city by the Turks?

(3) What guarantees do you think could be obtained from the Turks which would render their situation more secure?

(4) What is your estimate of the number of the Christian minorities at present in territory in Anatolia under Turkish occupation?

(5) What is your estimate of present population of eastern Thrace, exclusive of Constantinople, the proportion of Christians and the number of persons who will leave this territory previous to re-occupation by Turkey?

(6) Department has now received mail reports through you, Consul General Horton, and Vice-Consul Barnes regarding the Smyrna fire.²² It appears that three American citizens lost their lives, that American relief workers were robbed and threatened, that American sailors guarding the International College were attacked. What action, if any, was taken by American representatives in Smyrna to protest to Turkish authorities against such acts and to prevent their recurrence?

²² Not printed.

(7) Press reports indicate that at one moment during Smyrna fire British naval forces warned the Turkish authorities in the city that if killings continued the Turkish quarters would be bombarded. Is this correct and if so what attitude was taken by American naval forces present?

(8) Was any American protest made to Turkish authorities Smyrna against indiscriminate killing of Armenians and apparent systematic terrorization of Greek refugees during and subsequent to fire?

Report fully and promptly.

HUGHES

867.4016/707 : Telegram

The High Commissioner at Constantinople (Bristol) to the Secretary of State

CONSTANTINOPLE, October 27, 1922—3 p. m.

[Received 8:10 p. m.]

286. Department's telegram no. 212, October 24, 5:00 p. m.²⁸ Subsequent to action taken by me on September 8th, and reported in my despatch number 455, September 14th, I requested interview with Hamid Bey on September 21st and again urged upon him the necessity for a humanitarian treatment of the refugees who were on that date gathered at Smyrna as well as those who had been evacuated into the interior. I informed him that the eyes of the world were turned upon Smyrna at the moment and that the judgment of the world would be largely determined by the treatment of these refugees by the Nationalist authorities—see my diary dated September 21st transmitted to Department in my despatch No. 481, October 5th.²⁸

On receipt of the Department's telegram no. 165, September 30, 6:00 p. m., I endeavored to see Hamid Bey but latter had already left for Moudania to attend armistice conference where he remained with the exception of visit of few hours to Constantinople until signature of the armistice convention. Latter event removed danger of Turkish aggression against minorities and in view of my previous representations reported above has rendered any further representations up to the present time inappropriate. We have no authentic reports since the receipt of Department's aforesaid telegram of any incidents upon which to base representations. I have had one conference with Hamid Bey at which I appropriately set forth our general relief activities in order to create favorable attitude of the Kemalists towards humanitarian work. Should danger again arise

²⁸ Not printed.

Department may rest assured I will lose no opportunity to voice American sentiment as reported Department's 165, September 30, 6:00 p. m.

BRISTOL

867.4016/708 : Telegram

The High Commissioner at Constantinople (Bristol) to the Secretary of State

CONSTANTINOPLE, October 28, 1922—3 p. m.

[Received October 30—12:30 a. m.]

289. Department's 211, October 24, 5 [4] p. m. Following are answers to questions embodied in the Department's above-mentioned telegram.

1. Impossible to estimate number of departures from Constantinople but probably in neighborhood of 10,000. Departures continuing but up to this time this cannot be characterized as a general exodus of Christian population. Effect upon native Christians of the departure of British civilians and officers' wives when war threatened should be borne in mind.

2. I am inclined to believe that the Christian population of Constantinople as a whole would be safe excepting for those Ottoman Greeks and Armenians considered by the Turks as traitors on account of having aided the Greeks or Allies since the armistice. At the same time there is certainly a danger of reprisals being instituted by the Turks in case overt acts are committed by local population which might serve to stir up racial animosity. Undoubtedly all races would take advantage of any confusion to pay off old scores and take reprisals. See reports of recent Greek troops and civilians devastating Anatolia and committing outrages also Turkish outrages in Smyrna.

Refet Pasha²⁴ has assured General Harington²⁵ that in case the Christian population remains tranquil and pursues its normal course of life it will not be molested, however it is most difficult to prophesy what would result from the occupation of Constantinople by the Turks where there are so many races and nationalities having large numbers of bad and disreputable characters. It is also possible that heterogeneous population of Constantinople might [result?] in looting and burning city; especially Christian races if deciding to leave might burn their own property to prevent its falling into the hands of the Turks. Population estimated 400,000 Turks, 150,000 other

²⁴ Turkish Governor of Eastern Thrace.

²⁵ Allied Commander at Constantinople.

Moslems, 400,000 Greeks, 140,000 Armenians and 100,000 Jews, Europeans and others.

3. In my opinion only effective guarantees would involve total exclusion Turkish troops from the city either for occupation purposes or victory celebrations and continued occupation by strong foreign police during transition period. I believe distinction should be drawn between actual guarantees and either verbal or written promises. Undoubtedly strong promises not to molest Christian population could be secured similar to that of Refet Pasha mentioned above.

4. Estimate, making allowances for massacres during Great War and recent exodus due to the Greek collapse, gives about 1,350,000 Christians at present in Anatolia under Turkish occupation. Total population of Anatolia about 11,000,000. This estimate while probably more accurate than that regarding Eastern Thrace is still unreliable.

5. Extremely difficult to estimate population of Eastern Thrace because since 1912 there have been successive military occupations that district due to the Balkan wars as well as Great War with consequent migrations. Closest estimate before present exodus appears to give about 400,000 Turks, 250,000 Greeks and 50,000 Bulgarians, Armenians et cetera. Reliable reports received to effect that approximately 250,000 Christians have already left Eastern Thrace since signing Moudania Convention. This estimate includes about 40,000 refugees who have arrived from Brousa and other places [in] Anatolia.

[6.] Case of Carathima, naturalized American citizen supposed killed, promptly followed up from moment arrest by naval officers and afterwards by consul through various officials and order for release secured. Still missing on day of fire and the Turkish authorities again notified. Reported wrong man released and Carathima probably sent interior. No reason to impute bad faith and not improbable Carathima still alive.

Case of Zafer Ellis, naturalized American citizen killed, promptly investigated and found apparently suicide when threatened by chetas or brigands. Body buried under guard American sailors.

Tara, naturalized American citizen killed, not discovered until several days after death. Representations made and Turkish investigation reported killed by Greek. Later evidence secured by consul that killing was by Turkish irregulars and brought to notice Turkish authorities.

Precautions for safety relief workers taken in advance by obtaining liaison officers, written passes and Turkish guards. Single case of Jacob, relief worker, robbed. No representation made at his special

request as he was injudiciously outside protected zone and intending remain. He did not desire arouse resident authorities.

Only attack on sailors guarding college occasioned by McLachlan ** taking guard beyond protected area contrary to instructions.

Representations immediately made and increased Turkish guards promptly obtained.

7. I believe no foundation whatever for this report.

8. On September 9th upon entry of Turkish troops Smyrna and before any disorder occurred Captain Hepburn made representations to Murcelle Pasha in command of occupying forces, calling his attention to danger of the situation and urging that Turkish authorities take steps to prevent disorder. On September 11th Captain Hepburn saw Nourredin Pasha who had succeeded Murcelle Pasha and called his attention to disorder which was occurring and urged upon him necessity for the protection of refugees. Captain Hepburn three times pressed for an answer as to exact measures which would be taken to preserve order. Immediately after fire and for several days during evacuation of refugees Commander Powell, who was then my senior naval officer present, made daily representations to the Turkish officers in charge of troops handling evacuation protesting against unnecessary brutalities and once made similar representations to Nourredin Pasha and once to Nadji Bey *commandant de la place*. All such representations were cordially received and all requests for guard on American property were promptly granted and efficiently executed, however no determined effort was made by the Turkish military authorities to protect refugees or suppress disturbances especially in Armenian district.

BRISTOL

867.4016/728c : Telegram

*The Acting Secretary of State to the Ambassador in France
(Herrick)*

WASHINGTON, November 1, 1922—11 a. m.

350. The Secretary in his address at Boston on October 30 made the following reference to the Near Eastern situation as a part of his outline of our foreign policy.

“The most acute questions at the moment concern the Near East. The Christian world has been filled with horror at the atrocities committed at [in] Anatolia, especially in connection with the burning of Smyrna, rivalled only by the wholesale massacres and deportations of the Armenians in 1915. While nothing can excuse in the slightest

** Dr. Alexander McLachlan, president of the American College at Smyrna.

degree or palliate the acts of barbaric cruelty of the Turks, no just appraisal can be made of the situation which fails to take account of the incursion of the Greek army into Anatolia, of the war there waged, and of the terrible incidents of the retreat of that army, in the burning of towns, and general devastation and cruelties. Anatolia in war has been the scene of savagery. Last June, the President gladly agreed to enter with the Great Powers into an investigation of the atrocities which had been reported and he detailed officers for that purpose. Later, it was suggested by the Powers that the inquiries be undertaken by the Red Cross, and this was agreed to, but before the inquiry could be made the final scenes in the tragedy were being enacted.

We have not failed to voice American sentiment in our abhorrence of these cruelties practiced upon helpless populations. Our American High Commissioner at Constantinople, during the past year and a half, has not failed repeatedly and vigorously to protest against them. Before the burning of Smyrna, fearing the reprisals that might follow the Greek retreat, he most earnestly impressed on the Turkish Nationalists the need of energetic measures for the protection of the people of the occupied territories. In the appalling distress at Smyrna, American officers were the first to give and continued to give all the relief within their power, and from that moment we have lost no opportunity to succor the refugees by measures which have been rapidly and constantly broadening to meet the exigency in every practicable way. Our representatives have been instrumental in effecting the evacuation from Smyrna of nearly 200,000 refugees. The President's appeal on behalf of humanity, and in support of all that the organized philanthropy of America can do, has met with the most generous response.

It is easy to talk of prevention after the event. The fact is that these latest occurrences have been the immediate result of a state of war and we were not parties to that war. When the Allies were at war with Turkey and we associated ourselves with the Allies in the war with Germany and Austria-Hungary, we declined to go to war with Turkey despite the occurrences of 1915. In the last 2 years, with armies in Asia Minor, the appeal has been to force, and the American people would never have been willing to shoulder this burden of armed intervention which the Allies with their forces nearer the scene were unwilling to bear.

It would be equally futile now to talk of this country going to war when all the other Powers are arranging to make peace. At no time has the Executive had any authority to plunge this country into war, even a holy war. I know there are those who think we should have threatened even if we did not intend to make war. The Administration does not make threats which it does not purpose to carry out. The American people cannot afford a policy where the words spoken on their behalf do not mean all that is said, and when we threaten we shall execute. Permit me to quote the words of Colonel Roosevelt, whose name is often invoked by those who apparently have but slight knowledge of his views. In relation to a diplomatic situation which involved a similar question, he wrote as follows: 'As I utterly disbelieve in the policy of bluff, in national and international no less than in private affairs, or in any violation of the

old frontier maxim, "Never draw unless you mean to shoot," I do not believe in our taking any position anywhere unless we can make good.'

In the present exigency, in addition to the full measure of relief which the American people are giving, there are American interests which must be adequately protected and humanitarian interests which should have our support in every proper way. I cannot discuss these in detail tonight but I may mention the protection of American citizens in Turkey, the conserving with their just rights of our educational, philanthropic and religious institutions, the safeguarding of American commercial interests, the freedom of the Straits in the interest of commerce and equal opportunity, and the protection of minorities.

As we are not at war with Turkey we are not appropriately parties to the peace negotiations which are about to take place. While we have American interests to protect, these are not associated with the political ambitions of European Powers which have made the Near East a checkerboard for diplomatic play. We do not propose to connect ourselves with these rivalries, as such a connection would only confuse our aims with those of others, and obscure our clear and simple purposes. What we desire does not involve the slightest injury to others or derogation of the rights of others, and we claim the protection of American interests at every place from whatever sovereignty may be in charge. We trust that in the interest of freedom of opportunity there will be no endeavor to parcel out spheres of special economic influence. If we avoid the conflicting rivalries in which we have no proper part and hold to a clear and definite American policy we shall the more easily maintain our friendship with other Powers, foster good will and heighten rather than diminish the influence which we desire to be helpful."

The above is sent for your information in view of the possibility that it may reach you misquoted through other channels.

Repeat by cable to Constantinople as Department's 230 and by mail to London and Rome.

PHILLIPS

867.4016/720 : Telegram

*The High Commissioner at Constantinople (Bristol) to the
Secretary of State*

CONSTANTINOPLE, November 4, 1922—3 p. m.

[Received November 5—3:25 a. m.]

301. I called a meeting of the Allied High Commissioners at the American Embassy this morning at which I presented them with the following memorandum:

"Reports have been received by the American High Commission to the effect that the Nationalist authorities are insisting upon the immediate departure of the Christian children in the orphanages of

the Near East Relief. It has been for some time past the policy of the Near East Relief to remove the orphans in its charge from Anatolia, and permission for such present condition [*action?*] had been requested from the authorities at Angora. The mere granting of this permission, therefore, would not in itself be cause for uneasiness were it not for the fact that the authorities have plainly expressed their desire that the orphans should leave Anatolia immediately and should be accompanied by the Greek and Armenian employees of the Near East Relief. Finally, an unconfirmed report has been received from Samsoun that Greeks and Armenians must leave within 30 days or be deported. These several reports taken together appear to indicate an intention on the part of the Nationalist authorities to evacuate the entire Christian population of Eastern Anatolia. The serious consequences of the carrying out of any such policy require no lengthy description. Over a million persons may find themselves homeless and another and more appalling refugee problem thereby created."

Both the French and Italian High Commissioners had received similar reports, the French High Commissioner stating however that his information was to the effect the aforesaid Nationalist order referred only to the Christian population in the coastal provinces. He stated that in one locality at least notices of expulsion had already been published to take effect November 1st. The Italian High Commissioner stated that his reports were that males from 18 to 45 years of age would be deported into the interior and that the rest of the population would be expelled. I suggested that the Allied High Commissioners draft a note of protest to the Angora Government in order to attempt to have this order cancelled or at least in some way to ameliorate the situation and I stated I would transmit a similar note. I requested the Allied High Commissioners to take under consideration means of transportation and localities to which refugees would proceed in case the order for expulsion was actually carried out.

This morning before above in this connection I saw Hamid Bey and presented to him strong representations against the expulsion of Christians from Anatolia. He hopes [*promised to?*] transmit my protest to Anatolia.

BRISTOL

867.4016/726 : Telegram

The High Commissioner at Constantinople (Bristol) to the Secretary of State

CONSTANTINOPLE, November 7, 1922—9 a. m.

[Received November 11—6:35 p.m.]

810. My 301 November 4, 3 p. m. Destroyer at Trebizond reports Armenians and Greeks there have been officially informed that for

one month they may depart without hindrance. This is not considered obligatory or compulsory.

Destroyer at Samsoun on November 1st reported that Mutessarif had [ordered] all Greeks to leave inside one month under penalty of deportation into interior and that they could take only personal belongings and could not dispose of property. Same destroyer reports November 8d Samsoun becoming uneasy and entire Greek and Armenian population preparing to leave; are selling their belongings on the street at enormous sacrifices. No provisions made for sea transportation by local authorities. Exodus expected to begin in small numbers by those able to afford passage on regular steamer. Destroyer has received many requests for assistance.

I am endeavoring to obtain definite information as to whether action of Angora Government is to be construed purely as giving permission for Christians to leave if they so desire or whether non-compliance with this permission entails deportation into interior.

In view of above-mentioned situation I have instructed commanding officers of destroyers as follows:

"Imperative commanding officers in all Turkish Black Sea ports scrupulously observe detachment policy regarding evacuation refugees from these regions as follows: Our attitude towards evacuations from these ports not in any sense same as in Smyrna area. We have assumed no obligations and do not intend to assume in the line of protection, patronage, or assistance to non-American refugees in Black Sea area. Discourage any attempt or suggestion to involve naval forces in any commitment, expressed or implied, in favor of refugees."

After consultation with acting director Near East Relief latter has telegraphed representative Samsoun to prevent movement of orphans if possible in order to forestall civilian stampede which might result from such an act. I will continue to press Angora authorities to assume humane attitude toward Christian population. I fear present attitude of Kemalists means getting rid of all Christian minorities.

BRISTOL

867.4016/720 : Telegram

*The Secretary of State to the High Commissioner at Constantinople
(Bristol)*

WASHINGTON, November 7, 1922—2 p. m.

245. Department approves action described in your 301, November 4, 3 P. M. In case you or Allied High Commissioners make written representations, telegraph text. Advise Department if reported decision of Kemalists to evacuate Christians is confirmed.

HUGHES

887.4016/730½

Memorandum by the Secretary of State of a Conversation with the British Ambassador (Geddes), November 10, 1922

The British Ambassador left a memorandum²⁷ referring to the information received by the Allied High Commissioners at Constantinople from Admiral Bristol to the effect that the American High Commissioner had been informed that the Turkish Nationalist authorities were insisting upon the immediate departure of the Christian children in orphanages of the Near East Relief, and that the American High Commission also had an unconfirmed report from Samsoun that Greeks and Armenians must leave within thirty days or be deported. Reference was also made to the confirmation of these reports from the French High Commissioner and the Italian High Commissioner. Without detailing the full contents of the memorandum, the main point was the action of Admiral Bristol in suggesting protests to the Angora Government, this action being based on Admiral Bristol's view that there appeared to be an intention on the part of the Turkish Nationalist authorities to evacuate the entire Christian population of Eastern Anatolia. The concluding paragraph of the British memorandum stated that His Majesty's Government had information that the Turkish Government were preparing to expel the entire Christian population of Constantinople; that Armenians and Greeks were already being forced to leave in large numbers while all Christian men between 15 and 45 were being retained in Anatolia and deported to the interior where they could not long survive.

The Ambassador said that the British Government desired to know to what extent they could rely upon the United States Government for support in an ultimatum to the Turks that they would be held accountable if such procedure was followed.

The Ambassador said that it was apparent that the Turks would not be impressed by protests unless the Allies made it clear that they were ready to take forcible measures. The Ambassador said he did not know whether the British would decide to go it alone or not; that it was not unlikely that they would; that it was uncertain whether the French could be depended upon; that if the American Government stood with the British Government he thought the French would feel that they must join in taking the same position, but that if the American Government stood aloof the French might stand aloof also.

The Secretary said that this Government was desirous of doing all that it could in the interest of humanity and was deeply impressed

²⁷ Not printed.

by the exigency; that Admiral Bristol, as the Ambassador had said, was already using his influence to the utmost degree to prevent such atrocities as were feared, and that Admiral Bristol was in a position to be of great service as he had no little influence with the Turks. It was difficult to believe that the Turks, unless insensate, would enter upon a course which would arouse the entire civilized world against them. The Secretary said that there had evidently been a break in the cable communications, and that we had had no information for several days as to the situation in Constantinople, but that we would communicate at once by radio, if possible, and ascertain from Admiral Bristol what the real condition was and whether such a serious catastrophe was threatened in Constantinople as the British memorandum contemplated.

The Secretary asked what sort of an ultimatum was contemplated. He said that the United States Government was ready to use diplomatic pressure to the utmost extent but that if it was desired to threaten war the American Government was not willing to do that unless it was ready to go to war. The Secretary pointed out that the populations to which the Ambassador had referred were not Americans and that the Executive would have no right to commit this country to war in their behalf, despite the humanitarian interests involved unless Congress authorized it. The Secretary pointed out that Congress was about to convene; that whatever might possibly be said of an emergency arising when Congress was not to convene in the near future, there was no such emergency now, and within a few days Congress would be here. The Secretary said that it would be idle for the Executive to take a position which would not have the support of Congress, as he would need in the event of hostilities to have a force raised and the necessary appropriations made.

The Ambassador said that he felt that if the Powers stood together and the Turks were convinced that they would not permit the threatened action to be taken it would not be taken. The Secretary again asked what form of ultimatum the Ambassador had in mind, pointing out that it evidently meant a demand after diplomatic pressure had been used in vain. The Ambassador endeavored to explain and as the ultimatum he suggested was nothing but a threat of war the Secretary said again that what the Ambassador really wanted to know was whether the American Government was ready to go to war with the Turks and support the British in such a war. The Secretary said that he felt that he could not answer such a question in the affirmative without assuming that Congress when it convened would authorize or approve such a course and at present he had no basis for such an assumption. The Secretary said that he would take the matter up with the President as the

President was the best judge of the political situation and of the attitude of the people as it would be reflected in Congress. The Secretary pointed out that events might occur which would have an immediate effect upon American sentiment, but that he could say nothing more until he had further reports from Admiral Bristol and the Secretary had had an opportunity to obtain the President's views.

The Ambassador then referred to the relation of the United States representatives to Turkish matters at the peace conference. He said that the Secretary had no idea of the influential position that President Wilson had occupied; that it was in deference to his wishes, who was the spokesman for the United States, that the Allies had deferred making settlement with Turkey; that the Allies had desired to go ahead, but that they had delayed for months, because of hope of American support; that the present difficulties were largely the result of that delay. The Ambassador said that the British public had the feeling that they were being deserted by America, and that this was a very important factor in the situation; that it would be very unfortunate if at this time the British public got the idea that Great Britain was left alone. The Ambassador said that the British had not desired mandates. The whole mandate idea was Mr. Wilson's idea and that the British had deferred to his views in the hope of American cooperation. The Secretary asked, if they did not wish the mandates, whether they desired the territories or whether the Ambassador meant to imply that they did not wish any territories at all as a result of the war. The Ambassador did not directly meet this question. He said he was in the Cabinet at the time and knew that these territories would be a burden and that the British had taken up their share of the burden in the expectation that America would take its share and now they feared that they were being left alone.

The Ambassador said that if the Secretary would look into the records of the Department of State he would find that the statements were fully borne out.

The Secretary said he had no desire to engage in any controversial discussion of what took place at the peace conference; that it was quite evident to those who knew American opinion that this Government would never consent to accept a mandate over the Near East; that the American conception of the situation was quite different from what the Ambassador had stated the British conception to be; that the American Government had never sought for any territories and if it had desired that whatever territories were taken as a result of the war should be administered with special reference to the needs of the inhabitants and should be accepted in the nature

of a trust, it was not at all because the American Government desired any aggrandizement or failed to understand that the other Powers did desire acquisition of territory.

The Secretary said that while he preferred not to enter into a discussion of the general subject, he would say that he could not for a moment assent to the view that this Government was in any way responsible for the existing conditions. The Secretary said that the United States had not sought to parcel out spheres of influence in Anatolia; that the United States had not engaged in intrigues at Constantinople; that the United States was not responsible for the catastrophe of the Greek armies during the last year and a half, and that diplomacy in Europe for the last year and a half was responsible for the late disaster. The Secretary said that that was the American point of view and that he was quite ready, if the Ambassador desired, to elaborate and substantiate it at any time. The Secretary said that what troubled the dreams of the British statesmen was their maintenance of their imperial power, the question of India, the question of Egypt, of the Suez Canal, and their relations to the Near East in connection with their vast imperial domain. The Secretary said he did not criticise this attitude. He was quite ready to admit that the British Empire was a supporter of civilization. The Secretary said he must point out, however, that whatever these imperial ambitions and difficulties were, that the American Government was not associated with these imperial aspirations and difficulties. The Secretary said that we were dealing with an existing situation and it would not be to any advantage to discuss the past. The Ambassador said he did not care to discuss the matter further at this time, but he felt that if the Secretary examined the records of the Department he would see that the Ambassador's statements were well founded. The Secretary informed the Ambassador that the Secretary of War had cancelled the engagement for Mr. Fortescue, President of the Royal Historical Society, to lecture at West Point because of certain statements reflecting upon American honor which had appeared in Mr. Fortescue's published works.

The interview then ended with an appointment for Monday, November 13, at noon.

867.4016/732¼

Memorandum by the Secretary of State of a Conversation with the British Ambassador (Geddes), November 13, 1922

The British Ambassador called pursuant to appointment. The Secretary said that he had not yet heard in answer to his request

for information from Admiral Bristol as to the present situation in Constantinople and Anatolia with respect to the deportations of Greeks and Armenians, and the effect of the protest already made.

The Secretary said he had been carefully considering the situation; that he understood there were about a million three hundred thousand Christians left in Anatolia; that these were scattered throughout Anatolia; that they had been largely removed from the villages in the West and were found more to the Center and to the East; that being a scattered population in towns and on farms and on the highways *en route* to the coast cities, it would be quite impossible for any force that could be gathered actually to save them; that in the event of war they would probably be the first to perish; that no force could be put into Anatolia that could really rescue such a scattered population. The Secretary said that there was a different situation in Constantinople. The Secretary said that he understood that the British had about ten to fifteen thousand troops in Chanek and about five thousand holding the approaches from Ismid; that he understood General Harington had said some time ago that by concentrating these forces he could police Constantinople, but that he could not police Constantinople and hold the approaches at the same time. The Secretary said he understood that there were about fifty thousand Turks in Constantinople more or less armed; that in this situation it would be very difficult to put any force there which could command the situation. The Secretary pointed out that our present military forces were too meager to permit of sending of any detachment that would be adequate in a war against the Turks; that such a force could only be raised by the consent of Congress and would require a very deep feeling throughout the country—probably another draft and a special military organization to meet the exigency. The Secretary said that he could not tell what would be the effect of the commission of atrocities on the part of the Turks; that there might be over night a tremendous American sentiment created, but there was nothing to indicate it at the moment. The Secretary said that he had discussed the matter with the President and the President was very much opposed to anything in the nature of an empty threat; that it would be much worse in the near future for all interests concerned if we joined in a threat which we did not make good, and that we were not in a position at the moment to make good a threat of force. The Secretary pointed out that ships might lay off Constantinople and threaten bombardment. This could add to the destruction, but could not prevent it. He pointed out that the great danger in Constantinople was not of a well organized military invasion with a massacring of the population but a state of panic produced by rumors and an uprising in the

city itself which would be taken advantage of in the burning and looting and destruction of lives and property without it being possible to ascribe it to a definite military movement, or to fix responsibility in a clear way upon the Turkish command. The Secretary pointed out that if this happened the thing would be done and would be irretrievable.

The Ambassador said that the only thing that could prevent it, in his judgment, was that the four Powers should unite in informing the Turks that if anything of the sort occurred vengeance would be exacted. The Secretary said he supposed he meant an eye for an eye and a tooth for a tooth, and proceedings of reprisal. The Ambassador said that that was what he meant, and that the Turk must appreciate that if this was done he must suffer the penalty.

The Secretary pointed out that this meant a threat of war against the Turk, which was the only way by which he would suffer the penalty if he committed these atrocities, and that exactly presented the difficulty, for this Government was not in a position to threaten a war of vengeance against the Turks which would be a war of indefinite extent against an aroused Moslem population threatening the entire Near East.

The Ambassador said it was his hope and confident expectation if the Allies took a stand together the Turk would be afraid to proceed. The one thing that could be done was to fill the Turk with fear. The Secretary noted that, saying that he must repeat that this Government was very desirous of using diplomatic pressure to the utmost, and that he was not satisfied that this would be ineffective; that he had not yet heard from Admiral Bristol and could not believe that the Turks would proceed to wholesale atrocities. The Secretary repeated that the difficulty was that there might be a panic in Constantinople and something like the condition at Smyrna, and that there might be a similar situation after such an ultimatum and then the Allied Powers would be bound to wreak vengeance according to their ultimatum, although they were in no position to prevent what had occurred. The Secretary said that there were two courses; one was an appeal to sanity and the other an appeal to fear; that if Kemal was in control and was not driven by mad men there ought to be success in the appeal to judgment because the Turk had nothing to gain by offending the sentiment of the civilized world. Still, if there were mad men in control it was by no means clear that threats would not excite them the more. The Secretary said he understood that what the Ambassador really wanted was a joint ultimatum to the Turks couched in such phrase as to inspire a fear, because of threat of actual war. The Secretary said he was not in a position to join in such a threat for the reasons he had already stated.

The Secretary repeated that he could not tell what a day might bring forth and that there might be such action or reports from Constantinople as would create a tremendous sentiment, a crusading spirit in America, but that he had no such sentiment to deal with at present and he simply had the inescapable fact that the Executive in this cause had no authority to commit the nation to war. The Ambassador said that he understood the limitations of our forces, and that possibly we had underestimated the extent of the British forces; that he would know after the elections in Great Britain what attitude Great Britain was likely to take. The Ambassador said he realized that very little could be done with the existing land forces at the command of the United States Government, but that we had an excellent fleet, and he wanted to know whether we would be willing to cooperate with our fleet and the use of our marines. The Secretary asked—'Cooperate in what?' The Ambassador said in supporting the British and the Allies. The Secretary again asked—'Supporting them in what particular enterprise?' He said that we were desirous of cooperating in the protection of lives and property, but he understood that the Ambassador desired a pledge of assistance in war, which would be a war of unknown duration which would be substantially a war of vengeance. The Ambassador said that he hoped that the action suggested would avert such a war. The Secretary pointed out that the hope of averting it rested in a very definite and concrete threat of such a war with a promise on the part of this Government of its cooperation, and that if we gave that promise we should have to make it good, as the Allies would rely upon it. The Secretary said that while our military forces were small this country still had its great capacity for military endeavor and could within a short time equip a force to meet any situation, and that generally it would do more than it promised to do but that it required the determination of the American people expressed through Congress to accomplish these results and the Executive at this time could not make a pledge of military cooperation in such a war.

867.4016/732 : Telegram

*The High Commissioner at Constantinople (Bristol) to the
Secretary of State*

CONSTANTINOPLE, November 15, 1922—noon.

[Received November 16—8:10 a. m.]

326. Department's 245, November 7, 2 p. m., and 253, November 10, 6 p. m.²⁸ Following is *aide-memoire* handed by me to Hamid Bey on November 4th:

²⁸ Latter not printed.

"The American High Commission has been informed that the Nationalist authorities at Samsun have proclaimed that all Greeks and Armenians must leave within the period of one month under penalty of being deported into the interior and that the Near East Relief has been ordered to evacuate immediately its orphans and its Christian employees. These declarations if they are accurately reported would seem to indicate an intention to expel the entire Christian population of Eastern Anatolia. However Admiral Bristol cannot believe that the Great National Assembly has actually adopted such a line of conduct. He is more disposed to believe that the above-mentioned declarations may be attributed to either an inaccurate report or to the excess of zeal on the part of the local officials. It is impossible to conceive that the Great National Assembly or the Council of Ministers would deliberately two weeks before the reunion of the conference of peace initiate a policy which would create more than a million refugees and which would place further obstacles in the way of the solution of the present complicated situation in the Near East. Besides Admiral Bristol is of the opinion that the harmful effect of such measures on Turkey itself cannot be questioned."

Following is *note verbale* sent Hamid Bey on November 8th:

"The American High Commissioner has the honor to refer to his *aide-memoire* dated November 4, 1922, in which he called the attention of His Excellency Hamid Bey to certain information he had received concerning the apparent intention of the Government of Great National Assembly to evacuate the Christian population from Anatolia.

With further reference to the above memorandum, the American High Commissioner has the honor to inform His Excellency, Hamid Bey, that he is in entire accord with the sentiments expressed by the Allied High Commissioners in the *note verbale* which they addressed to His Excellency, Hamid Bey, on November 6, 1922, the contents of which are as follows:

The High Commissioners of France, Great Britain and Italy have learned that the Government of the Great National Assembly insists on the immediate departure of children of Greek and Armenian origin who are now maintained in the orphanages of the Near East Relief in Anatolia.

They have learned also that it is the intention of the Government of the Great National Assembly to evacuate in a period of from 15 to 30 days the entire Greek and Armenian population of Western [Eastern] Anatolia. They hear that the Greek and Armenian inhabitants of the Black Sea coast have already been notified of this decision; and that it is even the intention of the Government of the Great National Assembly to eventually apply this same measure to the population of Constantinople.

The consequences, if only from the point of view of humanity of such a measure being applied to a population of between one and two million people cannot be disregarded by the Government of the Great National Assembly. Its application would be the more to be regretted on the eve of a conference where the world hopes the basis will be laid for a just and durable peace in the Near East.

The High Commissioners have therefore the honor to beg His Excellency Hamid Bey to be so good as to bring the proposed measure urgently to the knowledge of the Great National Assembly at Angora and to express the hope of the undersigned that this measure, even if it has been contemplated, will be canceled or at least that the period indicated will be prolonged so that the question of the future of these populations can be discussed at the peace conference. Signed by PELLE, GARRONI, RUMBOLD."

No official reply to above-quoted communications received as yet from Angora although Hamid Bey informed me several days ago he had received a reply to my *aide-memoire* and would forward me copy as soon as translation made. He read me the reply however which was to the effect that no order of expulsion had been issued by Angora Government but simply a permission for Christians to leave within one month. He stated many of these people had wished to leave for a long time but for military reasons had been prohibited from so doing prior to Mudania convention. The military exigency having now passed no reason seen by Angora Government to retain those who wished to go. I took up this question with Refet Pasha, who is acting as Hamid Bey's successor during latter's absence at Lausanne, yesterday and his statements coincided with those of Hamid Bey. Refet stated no necessity for order of expulsion existed as Christians had wished to leave for a long time. Speaking of Constantinople he complained that British press accused him of having ordered expulsion of Christians which was [due?] entirely to the thousands leaving at present of their own free will and stated that should he prohibit their departure it would create a worse situation than letting those who wished go voluntarily. I told Refet that in Anatolia the permission referred to was being misconstrued as an order and that should such an impression gain headway it would result in rush to coast of thousands of people in a state of panic and would create just as bad a situation as an actual order of expulsion and I suggested that Angora authorities take measures to correct this impression.

Refet assured me he would immediately wire his Government in this sense.

My information indicates no order of expulsion or even permission for Christians to leave Constantinople has been as yet promulgated by local Turkish authorities and those leaving at present are doing so voluntarily and in the same frame of mind as the recent exodus of the Christian population from Eastern Thrace. Some of those that I know have left are people who would leave any country under such circumstances because of past political activities.

Statement in British memorandum²⁹ referred to in the Department's telegram above mentioned, concerning deportation of Christian men between 15 and 45, is [*sic*] to the best of my information, refers to those males held as prisoners of war at Smyrna, reports of which have already been sent Department. Situation in Anatolia however somewhat different from Constantinople as official permission for Christians to leave Anatolia has actually been promulgated. Mutasserif of Samsun repeated to commanding officer my destroyer

²⁹ Not printed; see memorandum by the Secretary of State, Nov. 10, p. 952.

at that place in three interviews that local Christians were ordered to leave within one month under penalty of deportation into interior and in reply to question of commanding officer repeated that this was a distinct order and not a permission alone. I have received no information to effect that similar statement has been made by officials in other places in Anatolia and this order categorically denied by Refet.

Department must be aware that should Angora Government determine to get rid of Christian population permission as mentioned above could be equally as effective as an order of expulsion if officials spread the rumor that failure to avail of this permission would entail deportation or other penalties. While I feel that Turkish Government would like to be rid repeat [*sic*] may be making use of the method discussed above to accomplish that end, I do not feel justified until receipt of further information as to the development of the situation in accusing the Government of such a step.

BRISTOL

867.4016/741 : Telegram

The High Commissioner at Constantinople (Bristol) to the Secretary of State

CONSTANTINOPLE, November 19, 1922—11 a. m.

[Received 8:23 p. m.]

338. Department's telegram number 253, November 10, 6 p. m.³⁰ and my telegram number 356[326], November 15, noon. Latest information makes me certain that Nationalist Government wishes to get rid of entire Greek and Armenian population of Anatolia and Constantinople and would like to have this a *fait accompli* or at least well under way before question of minorities arises at the conference.³¹ The Turkish feeling is that the presence of these people has offered most of the pretexts in the past for the political inroads of Western powers and further inroads of this sort are abhorrent to the newly awakened ideals of Nationalism in Turkey. This desire should be considered furthermore in connection with the problem of the continuance of the special privileges heretofore accorded to Greek and Armenian and other non-Moslem communities.

The refugee situation in Anatolia has not as yet become serious however and according to present indications I have hope that sufficient time for departure will be granted Christians to prevent the

³⁰ Not printed.

³¹ Lausanne Conference.

great hardships which were incident to the Smyrna evacuation. Men from 18 to 45 years of age are being detained but I have no information to the effect that they are being deported into the interior or maltreated.

Departure of Armenians and Greeks continues from Constantinople by the normal means of transport and is entirely voluntary and no measures have as yet been taken by the Turkish authorities to hasten it. As situation develops I will keep the Department informed.

BRISTOL

867.4016/742 : Telegram

The Secretary of State to the Ambassador in France (Herrick)

WASHINGTON, November 21, 1922—6 p. m.

391. Following received from American Consul at Aleppo:

"November 18, 11 A. M. Turks obliging all Christians to abandon all and leave Turkish territory or become Moslem. Untold suffering, great loss of life certain. Situation extremely precarious. Have advised Constantinople requesting intervention. British and Italian Consuls taking like measures. Jackson."

Inform Foreign Office of information which Department has received and inquire whether they have reports of a like nature from Syria. Repeat your reply to Ammission, Lausanne, as well as Department.

HUGHES

867.4016/743 : Telegram

The Ambassador in France (Herrick) to the Secretary of State

PARIS, November 22, 1922—4 p. m.

[Received November 22—2:26 p. m.]

481. Your 391 November 21, 6 p. m. Foreign Office is receiving similar reports from Syria. French Government realizes that Turks are determined to expel all Christians from Turkish territory but has no intention of using anything but diplomacy to solve the problem. It is hoped that something to alleviate the situation may be accomplished at Lausanne although there appears to exist no very sanguine confidence that the present attitude of the Turks in this respect will be altered.

Repeated to American Mission Lausanne.

HERRICK

37.4018/744

The British Ambassador (Geddes) to the Secretary of State

WASHINGTON, November 22, 1922.

MY DEAR MR. SECRETARY: On the 17th instant you were good enough to send me a confidential memorandum²² communicating the text of two notes addressed to the Angora Government by the United States High Commissioner at Constantinople in regard to the deportation of Christians by the Turkish authorities.²³ You also informed me of the conversations which had taken place on the subject between Admiral Bristol and representatives of the Angora Government. I desire to express my cordial thanks for your courtesy in making this communication, which will, I know, prove of great interest to His Majesty's Government.

My latest news from Constantinople is that there are at present in that city some thirty-five thousand Armenian refugees from Anatolia without means of support. Refugees continue to arrive daily from the Black Sea ports, at which there are understood to be some thirty-nine thousand Greek in addition to an unknown number of Armenian fugitives. The Christians from the interior who are taking advantage of the "permission" granted them by Turkey to leave Anatolia by the 30th instant are also making for the Black Sea ports. The number of people ultimately to be evacuated from those ports is estimated at not less than a quarter of a million.

Having regard to the near approach of the date by which evacuation must cease, my Government have asked me to express to you the hope that, on purely humanitarian grounds, the Government of the United States will be prepared to instruct their representative at Constantinople to press strongly for an extension of the time limit. It is, of course, obvious that the evacuation cannot be effected in the time allowed and there can be little doubt, I fear, of the fate which awaits those who remain after the date fixed by the Angora Government for the termination of the evacuation. My Government are of opinion that representations designed to secure an extension of the time limit, if made, are less likely to prove ineffectual if addressed by the United States representative independently of his colleagues.

I hope to call on you tomorrow, when we shall have an opportunity to discuss this. In the meantime I think it well to let you have my fresh information without delay.

I am [etc.]

A. C. GEDDES

²² Not printed.

²³ See telegram no. 326, Nov. 15, from the High Commissioner at Constantinople, p. 958.

867.4016/759 : Telegram

*The Acting High Commissioner at Constantinople (Dolbeare) to the
Secretary of State*

CONSTANTINOPLE, November 26, 1922—10 a. m.

[Received 11 p. m.]

360. Greek High Commissioner has made following requests upon me: (1) to intervene with the Nationalist Government to secure extension of the time limit for departure of Christians; (2) to secure guarantees from Nationalist Government that Greek ships proceeding to evacuate refugees shall not be attacked but allowed to navigate freely in the Black Sea; (3) that an American destroyer be stationed in the Anatolian port to which a Greek ship is proceeding and act there as intermediary between ship and the Turkish authorities; (4) that American destroyers escort and protect Greek ships referred to above.

To question three, I have replied that for humanitarian reasons I will endeavor to keep destroyers in those ports where Greek ships are expected to arrive to evacuate refugees and that the destroyers' commanders will act as intermediaries between local Turkish officials and guarantee ship [*Greek ships?*] to secure permission for the latter to enter and will assist in the actual work of evacuation but that I will not assume the responsibility for breach of faith on the part of Turkish officials. To question four, I replied in the negative. To questions one and two, I have replied that I would have to request instructions from my Government.

Latest reports of our destroyers Anatolian ports indicate arrival of considerable numbers of refugees from interior. Approximately 8,000 already at Mersina and equal number at Samsun. If it has not already arisen therefore a situation may arise in immediate future where our assistance in work of evacuation may be imperative on purely humanitarian grounds. It is true that an injudicious or premature compliance with the Greek High Commissioner's first and second requests might be considered inconsistent with previous representations to Turks against evacuation of Christians from Anatolia and might even be used by the Turkish Government as an excuse for hastening such evacuation. The Department should bear in mind, however, that in spite of our representations the evacuation is becoming more of a *fait accompli* every day and it is not likely that any action taken at Lausanne will alter situation at least so far as Anatolia is concerned. I do not believe we should refuse our help in a situation which is rapidly assuming many of the characteristics of a relief problem pure and simple and I request authorization therefore to comply with Greek High Commissioner's first and second re-

quests at such opportune time and through such informal channels as local conditions may suggest.

DOLBEARE

867.4016/759 : Telegram

The Secretary of State to the Acting High Commissioner at Constantinople (Dolbeare)

WASHINGTON, November 29, 1922—6 p. m.

275. Your 360, November 26, 10 a. m.

(1) On humanitarian grounds you may use your good offices to facilitate the granting of permission for Christians to depart from Anatolia if they so desire. Department believes that such permission should be given without reference to any specific time limit and that Turkish authorities should afford adequate protection to the Christians who may desire to remain in Anatolia,

(2) As this Government was not a party to the Mudania armistice between Greece, Turkey and the Allies, it would not be appropriate for you to take the initiative in securing guarantee of immunity for Greek ships as requested by Greek High Commissioner. You may of course make clear to the Turks the necessity for proper protection of refugees, whether during evacuation or while remaining in the country,

(3) Destroyers may appropriately assist during the evacuation of refugees in so far as this is consistent with instructions of the Navy Department.

(4) Department approves your action in declining the request for the convoying of Greek ships.

HUGHES

867.4016/744

The Secretary of State to the British Ambassador (Geddes)

WASHINGTON, December 13, 1922.

MY DEAR MR. AMBASSADOR: Referring to your letter of November 22nd and our conversation of November 23rd in regard to the question of the Christian minorities in Turkey, I desire again to express my great interest in this question.

I have instructed our representatives at Lausanne³⁴ that they should lose no opportunity to impress upon the Turkish delegates that they were compromising their position before the world in failing to make it clear that there was no desire or intention on their

³⁴ Instructions not printed.

part to drive out over a million people under conditions of extraordinary hardship, suffering and loss of life. The Department impressed upon the American Mission at Lausanne the desirability of securing from the Turkish delegates a satisfactory assurance that there was no intention to force an evacuation of the Christian minorities in Turkey, and also that the male relatives of refugees in Greece should be allowed to rejoin their families.

The High Commission at Constantinople has been authorized to use its good offices to facilitate arrangements for the departure of Christians who desired to leave Anatolia but [it was?] pointed out that adequate protection should be afforded to those who remained in Turkey. American naval forces in the Near East have also been assisting in facilitating the departure of the Christians who had reached the sea coast of Anatolia in their effort to flee the country.

As I indicated to you orally on November 23rd, I feel that it would be most helpful if a comprehensive plan of relief could be adopted to meet the grave conditions that have arisen.

I am [etc.]

CHARLES E. HUGHES

NEGOTIATIONS BY THE OTTOMAN-AMERICAN DEVELOPMENT COMPANY (CHESTER PROJECT) AND OTHER AMERICAN INTERESTS FOR CONCESSIONS IN TURKEY *

867.602 Ot 81/183

Rear Admiral C. M. Chester to the Secretary of State

WASHINGTON, February 8, 1922.

DEAR MR. SECRETARY: Understanding from the public press that you will soon take up again for consideration "the solution of the Anglo-American dispute over the Mesopotamia oil fields and other questions growing out of the world's oil supply" I respectfully request to be accorded an interview with you, as the Attorney of the Ottoman-American Exploration company, that has a pending claim on petroleum deposits in the Middle Eastern States.

So much has occurred relating to this subject since I last had the honor to consult you which has a strong bearing on the case, that I think you should be informed concerning the action that has already been taken by the company.

To refer briefly to some major points I would mention the result of interviews held by Sir John Cadman, the British Royal Petroleum Expert and myself and capitalists who have invested in the claims. Also to an interview, held in Constantinople, between M. Franklin Boullion, the Representative of the French Government, who nego-

* For previous correspondence concerning the Chester project, see *Foreign Relations*, 1921, vol. II, pp. 917 ff.

tiated the Franco-Turkish Treaty, and Commander Arthur Chester, the Agent of the Ottoman-American Exploration Co. concerning cooperation between the French and American interests in Syria.

Commander Chester, who carried on the negotiations for the American company, in 1911, with the Ottoman Government for the construction of railroads and the exploitation of minerals in Turkey, is now here getting ready to return to Constantinople, where he has resided for the past two years, as Director of American Shipping⁸⁶ in the Near East, to proceed with negotiations with the Angora Government, at its request, for the consummation of the Chester Project.

I request the privilege of presenting him to you as a witness for the American claimants.

Very respectfully yours

C. M. CHESTER

867.602 Ot 81/183

The Acting Secretary of State to Rear Admiral C. M. Chester

WASHINGTON, February 18, 1922.

SIR: The receipt is acknowledged of your letter of February 8, 1922, requesting an interview with the Secretary of State on behalf of the Ottoman American Exploration Company, which is stated to have a claim to petroleum deposits in the Near East.

The Secretary of State is now absent from the Department, but upon his return your request will be called to his attention. It is suggested, however, that, in view of your conversation with the Secretary on May 24, 1921,⁸⁷ a further interview would hardly seem necessary; and, accordingly, you may wish to take up with the officials of the Near Eastern Division or the Foreign Trade Adviser's Office any new aspects of the matter which you have in mind.

I am [etc.]

HENRY P. FLETCHER

867.77/395

The High Commissioner at Constantinople (Bristol) to the Secretary of State

No. 134

CONSTANTINOPLE, March 15, 1922.

[Received April 1.]

SIR: I have the honor to transmit herewith copies of a letter which I have received from Mr. Robert H. McDowell, as well as of

⁸⁶Agent of the U. S. Shipping Board.

⁸⁷See Department memorandum of May 24, 1921, *Foreign Relations*, 1921, vol. II, p. 921.

certain memoranda enclosed with Mr. McDowell's letter. These documents contain an account of Mr. McDowell's recent visit to Angora.

I believe strongly that we should extend all proper assistance to American business interests which may desire to go into the Anatolian field. This is the policy which I have followed not only with Mr. McDowell, but in other cases as well.

I have [etc.]

MARK L. BRISTOL

[Enclosure]

*Mr. Robert H. McDowell, of the Foundation Company of New York,
to the High Commissioner at Constantinople (Bristol)*

CONSTANTINOPLE, March 8, 1922.

SIR: I take pleasure in enclosing herewith copies of the memoranda exchanged between the Minister of Public Works and myself during my recent conversations with the Nationalist Turkish Government at Angora. The Government were desirous of concluding a contract of concession at this time, and promised to have the necessary action by the Assembly completed within two weeks. Since I could take no action at this time they promised to hold the offer open until I should have time to communicate with my company.

It will be noticed that the Government do not include the right to construct in the Mosul area in their written statement. Verbally they stated that the right to build extensions which they will give in this concession will take in the Mosul area, and they specifically stated that they would favor the holder of this concession. This is important as the line to Mosul and the Persian border passes thru a part of the oil area around Mosul. The Arghana copper mines and the Kaban silver mine, the best mines in Asia Minor, are specifically included in this concession. Minerals known to exist along the line of the proposed railroad include copper, iron, lead, silver, coal, lignite; along the line of certain branches that will be dependencies of the main road, are found, in addition, tin, asphalt, oil, salt, and gold. The oil is found in the Sassun and Van regions.

The line of the proposed railroad will follow the line of the most important existing artery of trade in Asia Minor, the highway from Samsun to Mesopotamia. The existing traffic, over very poor roads that have caused transportation rates to rise to Ltq. 200. per ton, per 50 kilometers, amounts to more than 500 tons daily, each way, at Samsun. The country thru which the line will pass is everywhere capable of producing a much larger surplus than is the case now. The principal products are cereals, tobacco, fruit, eggs, live stock, hides, wool, cotton, silk, flax, and opium.

This concession has been several times sought by the French. They were interested in the railroad when there was no prospect of the mineral rights being included. They repeatedly have tried to secure the Arghana copper mines. A great deal of pressure is being brought to bear on the Turkish Government to prevent this concession from being granted to American interests. If no political activity would be manifested by other interests there is no doubt but that the concession would be granted to Americans. If this concession should be granted to us there would be wide spread resultant benefit to all American interests in Turkey. If thru political influence we fail to secure the concession, there will be, as a result, loss of prestige to American interests, that will be a serious handicap to business.

It is well to point out that it is my idea that, without waiting for the results of the Peace Conference, preliminary articles should be signed between the company and the Angora Government, that will secure us the concession without obligating us to commence work, or to go to large expense. The final terms should be signed after the results of the Peace Conference are clearly determined. If no steps are taken now to hold the concession, nothing can be done after the Conference.

The company, according to its usual custom, will look to our Government for advice in this matter.

Respectfully submitted,

ROBERT H. McDOWELL

[Subenclosure 1—Memorandum]

*Mr. Robert H. McDowell, of the Foundation Company of New York,
to the Turkish Minister of Public Works (Fevzi Bey)*

1. The Foundation Co. desires to obtain a concession to build and to operate a railroad as specified below, to build and to operate a port at a place suitable for such a railroad, and to enjoy the rights specified below as well as such others as are in common usage accorded in such a concession.

2. The line of the railroad will follow one of the two alternative routes given below, i. e.

(a) From a port on the Gulf of Alexandretta, near Ayas, to run through the regions Marash-Aintab, Malatia, Arghana, Diarbekir-Mardin, Lake Van, Mosul, and to the Persian frontier.

(b) From a port on the Black Sea, near Samsoun, to Amasia, Sivas, Harput, Arghana, Diarbekir-Mardin, Lake Van, Mosul, and to the Persian frontier.

3. The company will have the right within this same concession, to construct such branches and extensions as may be necessary to serve as "feeders."

4. The exact line to be followed by the railroad and all details not specified herein, will be settled after the necessary studies have been made by the engineers of the Company.

5. The Government will give the company the sole right to develop the mineral resources and the hydro-electric power in a region covered by the length of the lines to be constructed within the terms of this concession, to a distance on either side of the lines of twenty kilometers.

6. The company will have the right to place such harbor dues and railroad tariffs as will establish a fair profit of [on] the capital invested.

7. The company will have the sole right to construct and operate, at the port and along the line of the railroad, warehouses for the storage of goods before shipment.

8. For the rights granted to the Company, it agrees as follows:

- (a) To seek no kilometric guarantee.
- (b) To welcome the participation of Turkish capital.
- (c) To organise locally as a Turkish Stock Co.
- (d) To accept Turkish jurisdiction and laws, which it is understood will be based on internationally accepted principles of law.
- (e) To employ Turkish subjects for all positions for which there are such subjects properly trained.
- (f) To undertake to train as apprentices such subjects with the idea of fitting them to take over positions which cannot now be filled by such subjects.
- (g) The company agrees to begin work within one year after the signing of the concession.

9. While the idea of an advance in cash upon obtaining a concession is foreign to the ideas of American business men, yet being desirous of benefitting Turkey as soon as possible, such an advance can be arranged if the terms of the Government regarding the rights included within this concession are sufficiently favorable as to enable the company to be reasonably sure of a satisfactory return on their investment.

[Subenclosure 2—Memorandum]

The Turkish Minister of Public Works (Fevzi Bey) to Mr. Robert H. McDowell of the Foundation Company of New York

In answer to your letter of February 6, 1938.

I affirm that negotiations can be made with regard to this matter on the basis of the following principles, and confirm my friendship.

1. Naturally the railroad and the port concessions will include such rights, authorities and obligations as are given in similar concessions.

2. We consider it proper to give the line marked (b), namely Samsun port, with a railroad which begins from there and runs through Amasia, Sivas, Harput, Arghana, Diarbekir, and from there, or its neighborhood, goes to Bitlis and Van.

3. The right to build branch lines, which are dependencies of this line, can be given later.

4. The definite route will be determined by the studies to be made by the engineers of both parties.

5. Reparation and building of roads, and the giving of raw materials, are not connected with this concession, and this subject can be discussed later.

6. The monopoly over mines within twenty kilometers on each side of the railroad can be given on condition that these mines are worked. The form and conditions of this right can be decided upon.

7. The right to use water power in that region, for all sorts of works pertaining to the concession, can be given. Naturally in this article the existing acquired rights are reserved.

8. A port duty and a railroad tariff which will give a reasonable return for the capital invested is natural.

9. The right to build warehouses at the port and at railroad stations is natural.

10. In Article 8 (of your new memorandum) clauses *a*, *b*, and *c* are accepted. The reservation regarding Turkish law in clause *d* is superfluous. All Turkish law is based on international law. Clauses *e*, *f*, and *g* are appreciated.

11. The matter of an advance, being very important, you are especially requested to endeavor to settle it.

FEVZI

867.602 Ot 81/189

*Memorandum by the Economic Adviser of the Department of State
(Millspaugh)*

[WASHINGTON,] March 29, 1922.

Major Kennedy,⁸⁸ who visited me on March 9 (see attached memorandum⁸⁹), came for the purpose of obtaining certified documents or a statement showing the status of the Chester project for railway and oil concessions in Turkey.

He indicated that it was the purpose of the people who are now interested in the Chester project to endeavor to obtain the ratification by the Angora Government of the concession which was pending in the Turkish Parliament in 1909. He said that he had assurance

⁸⁸ K. E. Clayton-Kennedy, a Canadian citizen.

⁸⁹ Not printed.

of the favorable attitude of the Angora authorities toward American interests.

He showed me letters from Pouch and Company, Calloway, Fish and Company, and George W. Goethals and Company, stating in effect that these people would consider participating in the enterprise if a valid claim existed.

Major Kennedy indicated that each of these firms had taken a very small interest in the proposition, apparently in the form of a few shares of stock in the Ottoman American Exploration Company. He stated that the Foundation Company had an interest amounting to 2% and that Admiral Chester had a majority of the shares. He stated that it was the intention to incorporate a new company to take over the claims of the Ottoman American Exploration Company, and said he thought Judge Tracy, who was with Mr. Taft in the Philippines, was taking steps at Albany toward the incorporation of the new company. He said that Mr. MacArthur had a small interest but that he did not think that James L. Laidlaw had any interest.

Major Kennedy said that he is going to Turkey with Admiral Chester and will be followed by Arthur Chester. He says that he realizes that Admiral Chester does not have a completed concession but that he is sure that he has enough to afford a basis for negotiations with the Angora Government. He said that his associates were willing to take the risk of the unrecognized status of Angora.

I asked him how the ratification of the concession would have any effect in Mesopotamia and Syria, parts of which were included in the old concession. He said that the concession would be dated back to 1909; but he seemed to have a very vague idea as to how this would be done.

I told him again, as I had told him previously, that I could not give him any documents or statements regarding the concession for the following reasons: (1) that no such statement would present an exact picture of the situation since all information may not be in the Department; (2) that the information might work injury to an American company.

I told him that if any information were given it should be given formally and every step should be on record. The request for it should come from some person financially interested in the company. I suggested that Goethals, Calloway, MacArthur or Chester make such a formal request of the Department. Major Kennedy said that Calloway was a very close friend of the Secretary and he asked if Calloway should see the Secretary. I suggested that a statement might be made in the letter that if the Department felt an interview

would be desirable Mr. Calloway or someone else would visit the Department.

Major Kennedy said that he would have such a letter written.
A. C. M[ILLSPAUGH]

867.602 Ot 81/197

The Secretary of State to George W. Goethals and Company

WASHINGTON, May 2, 1922.

GENTLEMEN: The Department has received your letter of April 28th, addressed to Mr. Dulles, Chief of the Division of Near Eastern Affairs,⁴⁰ in which you refer to the Chester project and state that you understand that a history of this project is available in the files of the Department. It is presumed that your letter of inquiry has been written as a result of the visit to the Department of Major K. E. Clayton-Kennedy, a Canadian citizen, who indicated that you were interested in the Chester project and that you were inclined to participate with Admiral Chester, Arthur Chester, Major Kennedy and others to interest American enterprise in the possible establishment and development of rights which were the object of prolonged negotiation with the Ottoman authorities some years ago.

The Department has no history of the Chester project such as that to which you refer. In view of the voluminous character of the correspondence on this subject and the fact that it relates to the negotiations of private American citizens, it is suggested that you furnish the Department with further details regarding the exact nature of the data which you desire.

I am [etc.]

For the Secretary of State:

LELAND HARRISON,
Assistant Secretary

867.77/395

*The Secretary of State to the High Commissioner at Constantinople
(Bristol)*

No. 201

WASHINGTON, July 6, 1922.

SIR: The Department has noted with interest your despatch No. 134 of March 15, 1922, transmitting copies of certain communications from Mr. Robert H. McDowell with regard to his negotia-

⁴⁰ Not printed.

tions with the Nationalist authorities concerning a concession for railway, mining and other rights in Anatolia. The Department has also received by courtesy of the Department of Commerce a copy of a recent letter from Mr. Julian E. Gillespie⁴¹ giving further data on this subject.

For your information and guidance it is desired to advise you that on April 17th last Mr. Franklin Remington, President of the Foundation Company, consulted the Department with reference to the question of securing concessions in Anatolia. He outlined the interest of his company in the Chester project and referred to the results of Mr. McDowell's visit to Angora. He added that he himself or Mr. Doty of his firm expected shortly to proceed to Constantinople in order to investigate the situation. In the meantime he had authorized Mr. McDowell, in reply to a telegram from the latter, to assure the High Commission of the interest of the Foundation Company in the proposals put forward by the Angora authorities.

On the following day two representatives of the Edgar Howard Company, of Philadelphia, discussed the same question with the Department, further stating that Mr. McDowell had severed his connection with the Foundation Company and had entered the employ of their own firm. Mr. Gillespie's letters of May 29th and 30th⁴² explain a situation which at the time appeared to the Department somewhat confused. It remains to be added, however, that various representatives of the Chester interests, and notably Major Clayton-Kennedy, a Canadian citizen, have repeatedly communicated with the Department in regard to a resumption of activity by that group. From statements made by Major Clayton-Kennedy and others the Department understands that the Ottoman Development Company has been reorganized under the presidency of a Mr. Max Berg, and that George W. Goethals and Company, Pouch and Company, and other firms have apparently agreed to assist in financing the present needs of the Ottoman Development Company in return for a part interest in any rights acquired.

In reply to queries as to the attitude of the Department toward American promoters in Turkey, it has been pointed out that in view of the existing political situation this Government cannot be expected to accord full diplomatic support to any rights or concessions granted by unrecognized authorities. On the other hand, it has in each case been stated that the Department has no desire to discourage prelimi-

⁴¹ Not printed.

⁴² The latter not printed.

nary investigation by interested concerns, and that this Government will endeavor to secure for American enterprise in Turkey the benefits of most-favored-nation treatment.

The Department thoroughly approves and commends the opinion expressed in your despatch of March 15 to the effect that all proper assistance should be extended to responsible American business interests in Turkey. The Department realizes that the nationals of other Powers are actively engaged in the attempt to secure rights and concessions, and while there is no reason to encourage competitive negotiations with the Turkish authorities between American and European interests, there is every desire that the principle of equality of opportunity should be maintained in Turkey as well as in the Mandate territories.

In this connection reference is made to a letter dated April 13, 1922, addressed by Mr. Alexander V. Dye, American Trade Commissioner at London to Mr. Julian E. Gillespie, Assistant Trade Commissioner at Constantinople.⁴³ A copy of this letter has been submitted to this Department indicating that certain British firms are interested in concessions in Turkey. At the same time the Department has noted and called to your attention, recent reports that the Italian Government has concluded a commercial agreement with the Sublime Porte to cover rights and concessions in the so-called Italian Zone of Economic Influence. The correspondence between the British and French Governments concerning the Franco-Kemalist Agreement of October last, enclosed with your despatch No. 87 of February 20, 1922,⁴³ also contains information regarding the efforts of French interests to secure rights in the Arghana copper mines and in Cilicia. It is further understood that French interests are still engaged with the project of the Samsun-Sivas railway, on the construction of which a French firm is stated to have commenced work, for the Ottoman Government, prior to the outbreak of the war.

With regard to French claims to railway and mining rights in Anatolia, and to the alleged Turco-Italian Treaty, you are instructed to submit specific reports. In general, however, it is important that the Department be kept fully informed of the endeavors of foreign interests to secure concessions in Asia Minor and of the progress made by American interests already in the field.

I am [etc.]

For the Secretary of State:

WILLIAM PHILLIPS

⁴³ Not printed.

867.602 Ot 81/213 : telegram

The Office of Naval Intelligence, Navy Department, to the Naval Station at Constantinople ⁴⁵

[WASHINGTON,] 2 October, 1922.

1602. Your 0031-1800. Following sent with approval General Goethals. Referring cablegram September eleventh to Goethals and Barnard, Major Kennedy has no authority to act on Chester Project. He is proceeding under false pretense and is repudiated by Goethals and all other purported stockholders found.

It is believed Abdul Hamid heirs' claim is wildcat scheme concocted in England to antagonize American claim.

Ottoman Company will be organized on legal basis and Arthur Chester only authorized to represent it in Turkey. Tell Chester have nothing to do with Kennedy. Signed Chester. 1535.

867.602 Ot 81/211 : Telegram

The High Commissioner at Constantinople (Bristol) to the Secretary of State

CONSTANTINOPLE, October 5, 1922—5 p. m.

[Received 11:21 p. m.]

242. Please transmit following to Goethals, 40 Wall Street, New York.

"Have concluded agreement with Government on greatly improved terms and to date from 1909. Parliament ready to ratify immediately we comply with law which requires deposit in bank known here to guarantee that we make scientific investigations. After two years work we have option of giving results investigations to Government and getting money back from bank holding guarantee or of continuing with construction. In original negotiations amount was \$88,000 but amount reduced for us to 50,000 pounds Turkish equals about \$30,000. Deposit money or securities Guaranty Trust New York, have them telegraph agent here authority sign letter which I will present outlining about [above?] terms. Owing to political conditions absolutely necessary act immediately after this maintain the present unparalleled position with Government. Also have other very valuable construction contracts, orders for goods and mines concessions which other countries trying to get on terms most favorable to Government. I have borrowed 50,000 pounds for a few days to retain undisputed title but very necessary act immediately there. Calloway and others will assist to minimize delay. Advise buying pounds Turkish as likely rise. Telegram [telegraph?] immediately on receipt of this how long I will have to wait even hours are precious. Clayken."⁴⁶

BRISTOL

⁴⁵ Copy received in the Department of State as enclosure to letter of Oct. 10, from the Navy Department.

⁴⁶ I. e., Clayton-Kennedy.

867.602 Ot 81/212 : Telegram

The High Commissioner at Constantinople (Bristol) to the Secretary of State

[Paraphrase]

CONSTANTINOPLE, *October 7, 1922—2 p. m.*

[Received October 8—1:57 p. m.]

247. Strongly urge Department to try to clear up question of Kennedy's status in relation to Ottoman-American Development Company, and inform me by cable. . . . Kennedy has power of attorney, authenticated by Secretary of State of Delaware, giving full authority to act on behalf of company. On strength of this document am still giving appropriate support to Kennedy in spite of his repudiation by Admiral Chester. Commercial attaché asks that Secretary of Commerce receive paraphrase of this telegram.

BRISTOL

867.602 Ot 81/212 : Telegram

The Secretary of State to the High Commissioner at Constantinople (Bristol)

[Paraphrase]

WASHINGTON, *October 20, 1922—7 p. m.*

207. Department has received the following telegram dated October 14 from General Goethals: "47

"On my return to office from California Wednesday morning surprised to learn of Admiral Chester's communication to Admiral Bristol.⁴⁸ At conference with Admiral Chester yesterday learned that latter had come to the office during my absence, made derogatory statements concerning Kennedy, and, without knowledge of particulars, my associate thought Chester warranted in using my name as he did. Advised Chester yesterday that telegram as worded would not have been sent had I been here or had he awaited my return, for I do not repudiate Major Kennedy. He has authority to act and believe is doing so in good faith. Letter with full details will follow. George W. Goethals."

General Goethals confirmed above telegram by letter of October 14. He requested that Department inform you of his position, and indicated that arrangements would be made for deposit which Kennedy requires.

Copy of Admiral Chester's telegram alluded to above has been received by Department, and his attitude toward Kennedy is fully

⁴⁷ Quoted telegram not paraphrased.

⁴⁸ See telegram of Oct. 2 from the Office of Naval Intelligence to the Naval Station at Constantinople, p. 976.

known. Department has also taken note of Gillespie's despatch of September 6 to the Department of Commerce.⁴⁹

In management of Ottoman-American Development Company there is disagreement between General Goethals and Clarence Chester on one hand and Admiral Chester on the other. Impossible to send definite instructions regarding attitude to be taken toward Kennedy and his activities until harmony is restored at this end and Department can learn who is properly qualified to speak for the company. As soon as matters are straightened out you will be notified. Department leaves to your discretion in the meantime the protection of American interests which in your judgment appear to be concerned.

HUGHES

867.602 Ot 81/225

Major General George W. Goethals to the Chief of the Division of Near Eastern Affairs, Department of State (Dulles)

NEW YORK, October 26, 1922.⁵⁰

DEAR MR. DULLES: I am in receipt of a communication dated October 20th, file marked NE, from the Department of State.⁴⁹

The Ottoman-American Development Company is organized under the laws of the State of Delaware. The authorized stock issue is 5,000 shares of no par value. The stock record shows that a large majority of this stock is held by American citizens.

The by-laws provide for four directors, and they are the following: F. S. Blackall, Kermit Roosevelt, C. A. Barnard⁵¹ and myself:—three Americans and one Canadian. I am President of the Company; Mr. Barnard is Secretary and Treasurer.

From the foregoing, the Ottoman-American Development Company is an American corporation, officered, with one exception, by Americans.

The control of the Company is in the hands of the stockholders, and the stock list shows 4,347 shares held by American citizens and 623 shares by citizens of Great Britain.

While I knew that the stock list indicated a majority of stock in the hands of American citizens, whether it was all held unqualifiedly was a matter to be cleared up, which could not be done until I could see Mr. Barnard. He could not entirely satisfy me on this point. His own stock was transferred and assigned and appears in the name of an American citizen who is to return to Mr. Barnard

⁴⁹ Not printed.

⁵⁰ Date of receipt not indicated.

⁵¹ Of Montreal; an associate of Major Clayton-Kennedy.

any benefits that may accrue to stock transferred to him by Mr. Barnard and who, I assume, will be guided in his actions by such instructions as Mr. Barnard may from time to time care to issue. I assume that other Canadian stock holdings have been disposed of in the same way, but on this point I have no information.

Apparently, therefore, the majority of the stock, while held by American citizens, may be controlled by Canadian interests.

Mr. Barnard states that he and his associates have transferred their stock in good faith, but if this be not satisfactory, they are willing to pool all stock and create a voting trust composed of three American citizens, who will be given unrestricted authority to vote the stock, thereby giving control of the Company to Americans.

Under the contract with the Chesters a large amount of cash was to be paid in installments and I understand negotiations are now under way by which stock holding interests will be substituted for these cash payments, in which case the Chester family would be large holders. The Canadian interests have thus far advanced practically all of the money that has been expended in the venture.

The foregoing are all the facts in the case that I have been able to ascertain and they are submitted in response to the inquiry of the Department whether the Ottoman-American Development Company is an American corporation, officered and controlled by American interests. Major Kennedy, a Canadian citizen, is the representative of the Ottoman-American Development Company in Turkey.

Sincerely yours,

GEO. W. GOETHALS

867.602 Ot 81/229 : Telegram

*The Acting High Commissioner at Constantinople (Dolbeare) to
the Secretary of State*

[Paraphrase]

CONSTANTINOPLE, December 5, 1922—2 p. m.

[Received 9:45 p. m.]

370. Chester concession now contemplates the building of the following railways, with grant of mining rights within 20 kilometers on each side of lines: (1) Yumurtalik-Diarbekir, (2) Samsun-Sivas-Harput-Diarbekir-Mosul-Suleymanlia-Persian border, (3) Lake Van-Harput, (4) Angora-Sivas, (5) Sivas-Erzurum.

The Council of Ministers and the Public Works Commission of the National Assembly have been kept fully informed of negotiations conducted through Ministry of Public Works. Negotiations now nearing conclusion. Principal points remaining for future

discussion are clauses relating to purchasing rights of Government and to forfeiture.

Kennedy under suspicion of being a British spy is denied permission to return to Angora. Both he and Arthur Chester now here trying to clear him of charges. Turkish authorities wish to have High Commission's guarantee of Kennedy before permitting his return, but as he is British subject guarantee has of course been refused. High Commission has been guided by Department's 207, of October 20, and has been guarded in its relations with Kennedy, but has also been most careful to avoid statements which might injure him with the Turkish authorities. Chester leaves tomorrow for Angora, Kennedy following later if possible.

Kennedy's credentials as representative of company appear to be in due form. Assertions of both Kennedy and Arthur Chester are to the effect that Admiral Chester's opinions in affairs of Ottoman-American Development Company should be ignored, and that he has no part whatever in management of company.

For the sake of the better protection of American interests concerned I should be glad to be informed by telegram (1) whether in the opinion of the Department Admiral Chester is competent to speak for the Ottoman-American Company, and if so, on what basis this competency rests; and (2) whether there is substantial ground for believing that Kennedy is or has been in the British secret service. . . .

DOLBEARE

867. 602 Ot 81/229: Telegram

The Secretary of State to the Acting High Commissioner at Constantinople (Dolbeare)

[Paraphrase]

WASHINGTON, December 7, 1922—7 p. m.

282. Referring to High Commission's telegram 370, December 5. Following message is transmitted to you on request of Goethals, Barnard, and Rousseau,⁵³ who called at Department on December 6: ⁵⁴

"Kennedy and Chester are accredited agents of the Ottoman-American Development Company, a corporation officered and controlled by American citizens, owning all rights to the Chester Project. The deposit required by the Turkish officials has been made to secure the concession, but it is alleged that obstacles are being put in the way of securing the necessary parliamentary confirmation. I am asking the State Department that you render such assistance under the circumstances as can be done consistently with its policy and your duties. Signed. Goethals."

⁵³ Rear Admiral H. H. Rousseau, U. S. N.

⁵⁴ Quoted message not paraphrased.

Department has received copy of a memorandum of a voting trust agreement⁵⁵ signed by Goethals, Barnard, and Rousseau. The agreement vests the control of the company in three American trustees for five years, and provides that the concession, if obtained, shall be eventually transferred to a new company in which 49 percent of stock will go to Barnard.

A substantial American interest in the Ottoman-American Development Company is shown by evidence submitted. You may, therefore, give such diplomatic support as may be proper, but of course without participating in negotiations. The Department desires to maintain the principle of the "open door" and to secure freedom of opportunity to American interests, but it should be borne in mind that the Department plays no favorites and cannot give special support to a single American concern.

There is no substantial ground for believing that Kennedy is in British secret service. However, your action in declining to meet Turkish request for guarantee of Kennedy is approved by the Department, and has been explained to Barnard and Goethals.

HUGHES

867.602 Ot 81/239

The Vice Consul in Charge at Angora (Imbrie) to the Secretary of State

ANGORA, December 7, 1922.

[Received January 29, 1923.]

SIR: I have the honor to inform the Department that about the middle of September Mr. Arthur Chester arrived in Anatolia for the purpose of re-opening negotiations with the Turkish Nationalist Government looking toward the acquisition of railroad concessions in Anatolia and, as incident thereto, mining concessions, such concessions to be substantially coextensive with those embraced in the original, so-called, "Chester Project", whose inception, as the Department is aware, dates back to 1908-1909.

Accompanying Mr. Chester was a Major K. E. Clayton-Kennedy, who carried no passport, whose cards, samples enclosed, showed him as representing (1) National Aeronautical Committee of Canada, (2) The Aircraft Manufacturing Company of Canada and (3) the Ottoman-American Development Company—the company in behalf of which Mr. Arthur Chester is conducting his negotiations—and who Mr. Chester informed me was a Canadian citizen and British Subject.

⁵⁵ Not printed.

I advised Mr. Chester that, in my opinion, it was a tactical mistake to associate himself with a British subject in his negotiations at this time, since, owing to the British attitude in the Near East Sphere, the Turkish Government and people were antipathetic to anything or person British. I further informed him, that in view of this and also in view of the fact that I considered to intervene in behalf of, or support, any person not an American would weaken my influence and lessen my usefulness in assisting Americans and American interests, I could not vouch for, introduce or be associated in any way with Kennedy. At the same time, I offered to give Mr. Chester, himself, every assistance possible and introduce him to the various Ministers with whom he might wish to conduct negotiations. This I have done.

Mr. Chester came to Angora and Mr. Kennedy, as being associated with him, was permitted to accompany him. After several weeks of negotiation, Kennedy left Anatolia for Constantinople, to obtain, I was informed, some thirty odd thousand dollars, the deposit required by the Nationalist Government as a condition precedent to further negotiations. Chester remained in Angora to further confer with the Government.

Some time after Kennedy's departure, the Angora Government advised me that he had made application for permission to return to Anatolia and inquired whether I wished such permission granted and whether I would guarantee Kennedy. I replied that Kennedy, not being an American citizen, I could neither ask for his admission nor guarantee him. The Government then informed me that it had proof that Kennedy was in the British Intelligence Service and an agent of the British Government.

Early in November Kennedy again entered Anatolia, this time by way of Hydar Pasha, and reached Ismet [*İsmid*]. Here he was stopped by the Turkish authorities, arrested and jailed. After being held a week, he was deported. About this time, Chester left Angora for Constantinople and since then there has been no one here representing these interests.

The impression created among Government circles here, and generally in fact, is that there is little back of the Chester proposition. The prolonged negotiations, covering a period of nearly three months, have apparently led to nothing definite. The deposit, an insignificant sum when the magnitude of project is considered, has not been forthcoming. The Kennedy incident has created an unpleasant impression, and led to the suspicion that, perhaps, the project is backed by British interests. The Minister of Public works informs me, so far, there has been nothing but "talk". The proposition has received wide newspaper publicity within Anatolia

and, if nothing results, the retroactive effect will unquestionably be injurious to American commercial interests and prestige.

If the Department can advise me as to its attitude toward the project generally and can inform me as to the status, financial and otherwise, of the Ottoman American Development Company and the interests back of it, I shall be greatly appreciative.

I have [etc.]

ROBERT W. IMBRIE

867.602 Ot 81/229 : Telegram

The Secretary of State to the Acting High Commissioner at Constantinople (Dolbeare)

WASHINGTON, December 9, 1922—6 p. m.

285. See Department's 282, December 7, 7 p. m. Following sent at request of General Goethals:

"For Kennedy. All interests at this end now working harmoniously. Trust that you and Chester will cooperate closely in all matters. Advise if any assistance can be rendered here. Signed Goethals"

HUGHES

URUGUAY

URUGUAYAN PROPOSAL THAT THE FORMATION OF A LEAGUE OF AMERICAN NATIONS BE DISCUSSED AT THE FIFTH PAN AMERICAN CONFERENCE

710/13 : Telegram

The Secretary of State to the Chargé in Peru (Sterling)

WASHINGTON, August 2, 1922—4 p.m.

54. Your 65, July 27, 5 p. m.¹

Uruguayan Minister on July 27th, directed the attention of the Secretary of State to the proposal of Uruguay that one of the subjects for discussion at Fifth Pan American Conference should be the formation of a Pan American League of Nations. On following day Peruvian Ambassador called under instructions of his Government to say that it had been asked by Uruguay for an expression upon the matter and desired to know the views of the United States before replying.

The Secretary said that only question before him at this time was whether this topic should be embraced among subjects to be discussed at coming Pan American Conference; that he was not inhospitable to suggestion that topic be placed on the program and that if any Latin American Power desired to discuss some better basis of confraternity and some arrangements by which intercourse could be facilitated by Conference on subjects of mutual interest he had no objection to propose. The Secretary said that of course what would ultimately be done would depend upon what concrete proposals were made and thoroughly considered, and he assumed that all the powers would not in any way compromise their independence or their sovereignty, and that it was a mistake in such matters to attempt too much. The Secretary said he felt a loose association which would not attempt to commit nations in advance with respect to their action in unknown contingencies but left them their appropriate freedom of action, while giving opportunity for consultation and interchanges of views in a convenient way, were much better than attempts at hard and fast organizations which would defeat their own purpose. The Secretary added that he

¹ Not printed.

assumed matter would be brought up at meeting of Board of Governors of Pan American Union in October, when topics to be discussed at coming Pan American Conference would be considered, and that he had no objection to inclusion of topic proposed by Uruguay, but he, of course, had no request to make of any Government in relation to the matter, and hoped each Government would express its opinion unreservedly.² You may inform Foreign Office of above.

Repeat to Quito and La Paz by mail for confidential information.

HUGHES

710/22 : Telegram

The Chargé in Uruguay (Armour) to the Acting Secretary of State

[Paraphrase]

MONTEVIDEO, September 2, 1922—noon.

[Received September 3—12:03 a.m.]

31. Reference is made to the Department's telegram of August 5, 3 p.m.³ Yesterday the Minister for Foreign Affairs showed me a telegram from the Uruguayan Minister in the United States wherein the statement was made that the Government of the United States opposed submission to the League of Nations of the Pan American League question, but that it was willing seriously to consider the question if it be proposed to the conference at Santiago. The Minister desired me to inform you that the Government of Uruguay does not intend to submit this question to Geneva. The rumor that Uruguay would do so was probably caused by the announcement that the Uruguayan delegates to the League have been instructed that should the question arise they are to explain that the Uruguayan proposal of a Pan American League is not in any way opposed to or inconsistent with the League of Nations. The Minister added that he hoped the Pan American League proposal at Santiago would be supported by the United States, as otherwise further work on details, he felt, would be useless.

In reply I stated that it seemed to me that my Government's views were correctly represented by the last paragraph of the Uruguayan Minister's telegram, namely, that if the proposal were presented at Santiago, it would receive the earnest consideration of the United States.

²The text of the telegram to this point was sent as a circular telegram, August 5, 3 p. m., to Argentina, Brazil, Chile, Colombia, Panama, Paraguay, Uruguay and Venezuela; August 7 (by mail) to Costa Rica, Cuba, Dominican Republic, Guatemala, Haiti, Honduras, Nicaragua and San Salvador; August 23, 9 a. m., to France to be repeated to all missions in Europe.

³See footnote 2, *supra*.

How would the Department consider a suggestion to inform the Government of Uruguay in general terms of its attitude toward this question? I have not made any mention of the contents of the Department's telegram of August 5, 3 p.m., for I have regarded it as sent only for the Legation's guidance and its confidential information.

ARMOUR

710/22 : Telegram

The Acting Secretary of State to the Chargé in Uruguay (Armour)

WASHINGTON, September 6, 1922—6 p.m.

16. Your 31, September 2, noon.

On July 27, the Secretary of State, in reply to an inquiry from the Uruguayan Minister, expressed his views with regard to the inclusion of the formation of a Pan American League of Nations among the subjects for discussion at the Fifth Pan American Conference in substantially the same terms as to the Peruvian Ambassador on the following day, of which you were informed in the Department's circular instruction of August 5, 3 p.m. You may communicate these views orally to the Minister for Foreign Affairs, should you deem it expedient, being careful to follow the exact wording of the telegram above referred to, omitting, of course, any reference to the request of the Peruvian Government and its request for an expression of this Government's opinion in the matter.

PHILLIPS

VENEZUELA

TREATY OF EXTRADITION AND ADDITIONAL ARTICLE BETWEEN THE UNITED STATES AND VENEZUELA, SIGNED JANUARY 19 AND 21, 1922

211.31/-

The Secretary of State to the Minister in Venezuela (McGoodwin)

No. 183

WASHINGTON, April 18, 1916.

SIR: The Department acknowledges receipt of your despatch No. 621, of March 23, 1916,¹ in which you state that it might be opportune to suggest the possible conclusion of an extradition treaty between the United States and Venezuela.

Before giving further consideration, however, to the question of the possible conclusion of an extradition treaty with the Government of Venezuela, the Department desires to be informed whether the laws of Venezuela prohibit capital punishment and if so, whether the Government of Venezuela would be disposed to insist upon the inclusion in any extradition treaty to which she might agree, of a provision taking into consideration this feature of Venezuelan law and requiring the other Government concerned to take cognizance thereof in a given case.

I am [etc.]

For the Secretary of State:

FRANK L. POLK

211.31/1

The Minister in Venezuela (McGoodwin) to the Secretary of State

No. 714

CARACAS, July 8, 1916.

[Received July 31.]

SIR: Referring to the Department's No. 183 of April 18, (file No. 231.35)² asking if the laws of Venezuela prohibit capital punishment, and if so whether the Government of Venezuela would be disposed to insist upon the inclusion in any extradition treaty to which she might agree of a provision taking into consideration this feature of Venezuelan law and requiring the other Government concerned to take cognizance thereof in a given case, I have the honor

¹ Not printed.

² Now filed under 211.31.

to state that Article 22 of the present (1914) constitution of Venezuela reads as follows:

"The Nation guarantees to Venezuelans:

"First, the inviolability of life, capital punishment remaining abolished, whatever law may seek to establish it and whatever authority should order it."

In response to my inquiry to General Ignacio Andrade, Minister for Foreign Affairs, he replied that the Government of Venezuela "would have no objection" to signing an extradition treaty with the United States "which would exclude the penalty of death in its provisions;" that this [*his*?] Government "would have much pleasure in doing so." In view of several recent unfortunate circumstances, involving the misconduct of American citizens in Venezuela, I can appreciate that Venezuela would indeed welcome an opportunity to establish a degree of protection.

General Andrade said that in view of the constitutional provision above quoted Venezuela would be compelled to ask that such a treaty provide that "extradition for crimes punishable by death be granted upon previous assurance, given through diplomatic channels, that in case of condemnation this penalty would not be executed." This is almost the exact phraseology of a protocol clarifying Venezuela's extradition treaty with Belgium, signed thirty years ago, and the clause in all subsequent treaties dealing with the subject of extradition is similar, including treaties just concluded with Argentina and Brazil.

There are numerous criminal refugees from Venezuela in New York and elsewhere in the United States, and several Americans who were in control of mines and other important enterprises in this country have returned to the United States surreptitiously, and in some cases openly, without having effected settlements with their employers and creditors. I regret to say that this practice has increased of late and is a decided detriment to the interests of American business and capital.

Because of many inequalities existing in the tariff schedules and the great difficulty encountered by our merchants in attempting to comply with the tariff and consular regulations of Venezuela, I am hopeful that the Department may favor the conclusion of a commercial and general treaty with the Government of Venezuela, which might include also the subject of extradition. There is reason to believe that the present Government would not seriously oppose the granting of preferential treatment to the United States. If there could be any assurance of obtaining adequate steamship facilities to the United States, and the Government of the United States would admit tick-infested cattle, as has been done in the case of

Mexican cattle since March 1911, I am confident that a proposal for a commercial treaty embodying these features would be considered favorably.

But if in the judgment of the Department the subject in hand could better be treated separately, it is proper to add that the Minister for Foreign Affairs of Venezuela not only is willing but anxious to conclude an extradition treaty with the United States, with the provision that cognizance be taken of her law against capital punishment.

I have [etc.]

PRESTON MCGOODWIN

211.31/1

The Secretary of State to the Minister in Venezuela (McGoodwin)

No. 209

WASHINGTON, August 14, 1916.

SIR: The Department has received your No. 714, of the 8th ultimo, regarding the matter of the conclusion of an extradition treaty and of a commercial treaty between the United States and Venezuela.

The Department is of the opinion that the subject of a possible extradition treaty with the Government of Venezuela should be treated separately and apart from the question of the possible conclusion of a commercial treaty, and the latter subject will be taken up with you in another communication.

Referring to your reported conversation with the Foreign Office concerning the inclusion in a possible treaty of extradition of provisions which, in recognition of the constitutional abolition of capital punishment in Venezuela, should reserve to the contracting parties the right to decline to grant extradition for crimes punishable by death, except upon previous diplomatic assurances that this penalty would not be executed, you are instructed to point out to the Foreign Office, as bearing upon the matter, the situation resulting from the system of government prevailing in the United States, with respect to the sovereignty of the several States in the matter of police administration and the punishment of crimes. In this connection you will state that in all probability by far the majority of persons whose extradition might be sought by the United States from Venezuela, should a treaty be concluded, would be fugitives from the justice of the several States of the Union and that as to such offenders the national government would be unable to give assurances upon the question of the penalty to be inflicted upon them if returned to the United States.

Therefore, you will add that the federal government does not consider itself empowered to enter into treaty stipulations in the lan-

guage suggested to you by the Foreign Minister, but would be willing to stipulate somewhat as follows:

"In view of the abolition of capital punishment by constitutional provision in Venezuela, the contracting parties reserve the right to decline to grant extradition for crimes punishable by death. Nevertheless, the executive authority of each of the contracting parties shall have the power to grant extradition for such crimes, upon the receipt of satisfactory assurances that in case of conviction the death penalty will not be inflicted."

In this connection you will state to the Foreign Office that in suggesting such phraseology, the Department had in mind that in cases of offenders against the laws of the several States, the appropriate prosecuting and judicial authorities of the State and possibly also the executive head thereof, might furnish the Department, for transmission to the Government of Venezuela, in connection with an application for extradition of a person charged with a capital offense, assurances on the question of the penalty to be inflicted or invoked in case of conviction, which assurances the Government of Venezuela might deem to be satisfactory.

I am [etc.]

ROBERT LANSING

211.31/4: Telegram

The Minister in Venezuela (McGoodwin) to the Secretary of State

CARACAS, May 6 [5], 1920—3 [6] p.m.

[Received May 11—6:32 a.m.]

39. Following conversations during four years the Minister for Foreign Affairs is willing to sign a treaty of extradition incorporating as article 19 the language suggested in the Department's 209 of August 14, 1916. Otherwise the draft is identical with Venezuela's treaty with Bolivia, page 214 of compilation of treaties 1910, on file in the Department.^a If Department can approve by telegraph, convention will be submitted for ratification to present Congress which will adjourn in June.

McGOODWIN

211.31/4

The Secretary of State to the Minister in Venezuela (McGoodwin)

No. 550

WASHINGTON, May 18, 1920.

SIR: Further replying to your No. 39 of May 6 [5], 3 [6] p.m., with regard to the possible conclusion of a treaty of extradition between the United States and Venezuela, the Department confirms its

^a Not found in Department files.

telegram of May 15, 1920,⁴ advising you that some of the provisions in the Treaty of Extradition between Venezuela and Bolivia, referred to in your said telegram as a possible model for the proposed treaty with the United States, are not in accord with the laws and practice of this country.

Specifically it may be mentioned that the following provisions of the Venezuelan Treaty with Bolivia are in disaccord either with the laws of the United States or with the practice prevailing under its system of government, and therefore would not be acceptable as provisions in a treaty of the United States:

1. The provision of Article VI for the trial of citizens of one contracting party in their own country for crimes committed in the territory of the other contracting party;

2. The provision of Article VII of the treaty that where the punishment for a given crime differs in the demanding and surrendering countries, the lesser penalty will be applied to the offender;

3. The provisions of Article VIII that the period of the statute of limitations running against an offense, and therefore against extradition for such offense, shall be reduced by one-half in the event of the good behavior of a fugitive during his stay in the country of asylum, and

4. The requirement of Article XVIII of the Treaty that deserters from naval or merchant vessels shall be delivered up.

Furthermore, the Treaty between Venezuela and Bolivia contains certain provisions which are not found in any extradition treaties of the United States, and which in the view of this Government might better be omitted from the proposed treaty. Among these provisions are the following contained in Article IX:

"If the accused whose extradition is requested should have assumed obligations which he may not discharge on account of the extradition, the extradition will take place, the party in interest having the faculty of prosecuting its right before the proper authority."

and the provision of Article XVII for obtaining evidence from witnesses in the one country for use in the other country, by means of letters rogatory.

Other and very important objections by the Government of the United States to the proposition to make the Venezuelan-Bolivian Treaty a model for the proposed treaty between the United States and Venezuela, are that the list of crimes set forth as extraditable in the first mentioned treaty is much smaller than similar lists contained in recent treaties of the United States, and that Article XIV of the first named treaty appears to provide for the surrender of a fugitive upon the presentation only of such formal documents as a certified copy of the indictment, the warrant of arrest, or of the

⁴ Not printed.

sentence imposed. With respect to the last named objection it may be said that the extradition treaties of the United States invariably require that evidence shall be submitted with the papers to establish in effect a *prima facie* case of guilt against the fugitive, and the pertinent statutes of the United States appear to contemplate that the surrender of a fugitive shall only be granted upon the production of such evidence of criminality.

With respect to the provision in the Treaty between Venezuela and Bolivia that the Treaty shall be in force for a term of five years, it may be observed that the usual practice in extradition treaties of the United States is to provide no fixed term for the life of the treaty, but to set forth that it may be terminated upon six months notice given by either party. The Department would prefer that this practice be followed in the case under consideration.

There are enclosed herewith copies of the Extradition Treaties between the United States and Honduras, concluded January 15, 1909,⁵ and between the United States and Paraguay, concluded March 26, 1913.⁶ These are the latest treaties of extradition concluded between the United States and countries of Latin-America, and it will be observed that they are very similar in their terms. If the Venezuelan Government should desire to conclude a treaty substantially similar to these, with the addition of the paragraph referred to in your telegram under acknowledgment, the Department will be pleased upon information from you to this effect, to forward to you full powers for the conclusion of such treaty. The Department's instruction No. 209 of August 14, 1916, indicates that the additional paragraph in question reads as follows:

"In view of the abolition of capital punishment by constitutional provision in Venezuela, the contracting parties reserve the right to decline to grant extradition for crimes punishable by death. Nevertheless, the executive authority of each of the contracting parties shall have the power to grant extradition for such crimes upon the receipt of satisfactory assurances that in case of conviction the death penalty will not be inflicted."

It would seem that an appropriate place for the insertion of this additional paragraph would be following Article III in the model treaties, copies of which are enclosed herewith, and therefore that this Article should become Article IV in the proposed treaty, the articles in the model following Article III being consequently advanced one number each.

I am [etc.]

For the Secretary of State:

FRANK L. POLK

⁵ *Foreign Relations*, 1912, p. 619.

⁶ *Ibid.*, 1914, p. 1053.

211.31/6 : Telegram

The Minister in Venezuela (McGoodwin) to the Secretary of State

CARACAS, June 18, 1921—6 p.m.

[Received June 21—10:26 p.m.]

17. Department's instruction number 638, of May 31st.⁷ Negotiations were interrupted due to opposition of the Attorney General, frequent illness of the Minister for Foreign Affairs and his three months absence in the United States. On February 28th last, Minister for Foreign Affairs with slight modifications accepted, as a basis of negotiation, treaty between the United States and Honduras with the inclusion of paragraph suggested in Department's instruction number 209 of August 14th, 1914 [1916]. Am confident will accept supplementary counter proposals upon his return in a fortnight. Respectfully request full powers in the sense of Department's instruction number 550 of May 18th last year. Please reply by telegraph.

McGOODWIN

211.31/9 : Telegram

The Minister in Venezuela (McGoodwin) to the Secretary of State

CARACAS, September 24, 1921—noon.

[Received September 28—4:20 a.m.]

21. Department's telegram June 25, 4 p.m.⁷

Draft of treaty with Honduras finally accepted adding to paragraph inserted Department's instruction number 550 imprisonment [for life⁸], prohibited by constitution. Please answer by telegraph.

McGOODWIN

211.31/15

The Chargé in Venezuela (White) to the Secretary of State

No. 2634

CARACAS, January 23, 1922.

[Received February 8.]

SIR: Confirming my telegram of even date,⁷ I have the honor to report that on Thursday morning, the 19th, Doctor Itriago Chacín and I signed the Extradition Treaty, according to the English text

⁷ Not printed.⁸ The words "for life" supplied from the Minister's despatch no. 2517 of the same date (file no. 211.31/10).

forwarded to me with the Department's instruction No. 688 of November 21, 1921¹⁰ and the equivalent Spanish. These were transmitted in my despatch No. 2,629 of January 19th¹⁰ which left by pouch No. 2 upon that same day.

On Friday the 20th of January a representative of the Ministry called to inform me that the Minister wished to see me again about the treaty. I informed him, however, that the text of the Treaty has already been dispatched. Later in the day I saw the Minister and he thereupon showed me Article 120 of the Venezuelan Constitution of 1914 now in force. This reads in translation, as follows:

"ARTICLE 120. In all International Treaties there shall be inserted the clause that "all differences between the contracting parties relating to the interpretation or execution of this treaty shall be decided by arbitration."

The Minister expressed the fear that if this clause were not inserted in the Treaty it would not be ratified by the Venezuelan Congress. The principle seemed to me to be wholly unobjectionable and my powers were *ad referendum* to the President; while there would not have been sufficient time to receive telegraphic consent from the Department before the expiration of my time as Chargé d'Affaires by reason of the arrival of Mr. Cook.¹¹

Having decided to sign, the question remained as to formula. In the matter of perpetual punishment prohibited by the Venezuelan Constitution, the Department desired that reference should be made to the said inhibition. In forwarding the cause of arbitration, however, the government of the United States has always been a leader and on this ground it seemed better that the principle should be adopted without a reference to the postulates of the Venezuelan Constitution. Further, Article 121 of the said Constitution contains the objectionable requirement that no contract should be made with the government authorities which should give cause to foreign claims. Said claims having to be settled by the Venezuelan tribunal. This seemed to me an additional reason for not making any references to the Venezuelan Constitution.

I annex hereto the text of the additional clause signed together with typewritten copies of the English and Spanish.¹⁰

I have [etc.]

J. C. WHITE

¹⁰ Not printed.

¹¹ Willis C. Cook, the new Minister to Venezuela, who assumed charge Feb. 1, 1922.

Treaty Series No. 675

*Treaty and Additional Article between the United States of America and Venezuela, Signed at Caracas, January 19 and 21, 1922*¹²

The United States of America and the United States of Venezuela, desiring to strengthen their reciprocal relations, to facilitate the course of punitive justice and to limit the crimes which may be committed in their respective territories; to prevent the impunity which would result from the escape of guilty persons and of their asylum in the territory of one or the other nation, have resolved to conclude a Treaty for the extradition of the accused as well as of those who have been sentenced, and have appointed for that purpose the following Plenipotentiaries:

The President of the United States of America, John Campbell White, Chargé d'Affaires ad interim of the United States of America to Venezuela, and

The Provisional President of the United States of Venezuela, Doctor Pedro Itriago Chacín, Minister of Foreign Affairs of the United States of Venezuela;

Who, after having exchanged their full powers, found in good and due form, have agreed upon the following Articles:

ARTICLE I

The Government of the United States of America and the Government of the United States of Venezuela agree to deliver up to justice, by means of requisition duly made as herein provided, any person who may be charged with or may have been convicted of any of the crimes committed within the jurisdiction of one of the Contracting Parties and specified in Article II of this Convention, while said person was actually within such jurisdiction when the crime was committed, and who shall seek an asylum or who shall be found within the territories of the other. Such surrender shall take place only upon such evidence of guilt as, according to the laws of the country in which the fugitive or accused shall be found, would justify his detention and commitment for trial if the crime or offense had been committed there.

ARTICLE II

In accordance with the provisions of this Convention, the persons shall be delivered who shall have been charged with or convicted of any of the following crimes:

¹² In English and Spanish; Spanish text not printed. Ratification advised by the Senate, Jan. 5, 1923; ratified by the President, Feb. 21; ratified by Venezuela, Feb. 15; ratifications exchanged at Caracas, Apr. 14; proclaimed, Jan. 2, 1924.

1. Murder, comprehending the crimes designated by the terms of parricide, assassination, manslaughter, when voluntary; poisoning or infanticide.

2. The attempt to commit murder.

3. Rape, abortion, carnal knowledge of children under the age of twelve years.

4. Bigamy.

5. Arson.

6. Willful and unlawful destruction or obstruction of railroads, which endangers human life.

7. Crimes committed at sea:

(a) Piracy, as commonly known and defined by the law of nations, or by statute;

(b). Wrongfully sinking or destroying a vessel at sea or attempting to do so.

(c). Mutiny or conspiracy by two or more members of the crew or other persons on board of a vessel on the high seas, for the purpose of rebelling against the authority of the captain or commander of such vessel or by fraud or violence taking possession of such vessel;

(d). Assault on board ships upon the high seas with intent to do bodily harm.

8. Burglary, defined to be the act of breaking into and entering the house of another in the night time with intent to commit a felony therein.

9. The act of breaking into and entering into the offices of the Government and public authorities, or the offices of banks, banking houses, saving banks, trust companies, insurance companies, or other buildings not dwellings with intent to commit a felony therein.

10. Robbery, defined to be the act of feloniously and forcibly taking from the person of another, goods or money by violence or by putting him in fear.

11. Forgery or the utterance of forged papers, or illegal sale of documents belonging to the national archives.

12. The forgery or falsification of the official acts of the Government or public authority, including courts of justice, or the uttering or fraudulent use of the same.

13. The fabrication of counterfeit money, whether coin or paper, counterfeit titles or coupons of public debt, created by national, state, provincial, territorial, local or municipal governments, banknotes or other instruments of public credit, counterfeit seals, stamps, dies and marks of state or public administrations, and the utterance, circulation, or fraudulent use of the above mentioned objects.

14. Embezzlement or criminal malversation committed within the jurisdiction of one of the parties by public officers or depositaries,

where the amount embezzled exceeds 200 dollars in the United States of America or B. 1.000 in the United States of Venezuela.

15. Embezzlement by any person or persons hired, salaried or employed, to the detriment of their employers or principals, when the crime or offense is punishable by imprisonment or other corporal punishment by the laws of both countries, and where the amount embezzled exceeds 200 dollars in the United States of America or B. 1.000 in the United States of Venezuela.

16. Kidnapping of minors or adults, defined to be the abduction or detention of a person or persons, in order to exact money from them or their families, or for any other unlawful end.

17. Larceny, defined to be the theft of effects, personal property, or money, of the value of 50 dollars or B. 250 or more, accordingly.

18. Obtaining money, valuable securities or other property by false pretenses or receiving any money, valuable securities or other property knowing the same to have been unlawfully obtained, where the amount of money or the value of the property so obtained or received exceeds 200 dollars in the United States of America or B 1.000 in the United States of Venezuela.

19. Perjury or subornation of perjury.

20. Fraud or breach of trust by a bailee, banker, agent, factor, trustee, executor, administrator, guardian, director, or officer of any company or corporation, or by any one in any fiduciary position, where the amount of money or the value of the property misappropriated exceeds 200 dollars in the United States of America or B. 1.000 in the United States of Venezuela.

21. The extradition is also to take place for participation in any of the aforesaid crimes as an accessory before or after the fact, provided such participation be punishable by imprisonment by the laws of both Contracting Parties.

ARTICLE III

The provisions of this Convention shall not import claim of extradition for any crime or offense of a political character, nor for acts connected with such crimes or offenses; and no person surrendered by or to either of the Contracting Parties in virtue of this Convention shall be tried or punished for a political crime or offense. When the offense charged comprises the act either of murder or assassination or of poisoning, either consummated or attempted, the fact that the offense was committed or attempted against the life of the sovereign or head of a foreign state or against the life of any member of his family, shall not be deemed sufficient to sustain that such a crime or offense was of a political character, or was an act connected with crimes or offenses of a political character.

ARTICLE IV

In view of the abolition of capital punishment and of imprisonment for life by Constitutional provision in Venezuela, the Contracting Parties reserve the right to decline to grant extradition for crimes punishable by death and life imprisonment. Nevertheless, the Executive Authority of each of the Contracting Parties shall have the power to grant extradition for such crimes upon the receipt of satisfactory assurances that in case of conviction the death penalty or imprisonment for life will not be inflicted.

ARTICLE V

A fugitive criminal shall not be surrendered under the provisions hereof, when, from lapse of time or other lawful cause, according to the laws of the country within the jurisdiction of which the crime was committed, the criminal is exempt from prosecution or punishment for the offense for which the surrender is asked.

ARTICLE VI

If a fugitive criminal whose surrender may be claimed pursuant to the stipulations hereof shall be at the time of the request for the extradition under prosecution, either at liberty out on bail or in custody, for any crime or offense committed in the country where he has sought asylum, or shall have been convicted thereof, his extradition may be deferred until such proceedings be determined, and until he shall have been set at liberty in due course of law.

ARTICLE VII

If a fugitive criminal claimed by one of the parties hereto shall be also claimed by one or more powers pursuant to treaty provisions, on account of crimes committed within their jurisdiction, such criminal shall be delivered to that state whose demand is first received.

ARTICLE VIII

Under the stipulations of this Convention, neither of the Contracting Parties shall be bound to deliver up its own citizens.

ARTICLE IX

The expense of the arrest, detention, examination, and transportation of the accused shall be paid by the Government which has preferred the demand for extradition.

ARTICLE X

Everything found in the possession of the fugitive criminal at the time of his arrest, whether being the proceeds of the crime or offense, or which may be material as evidence in making proof of the crime,

shall, so far as practicable according to the laws of either of the Contracting Parties be delivered up with his person at the time of the surrender. Nevertheless, the rights of a third party with regard to the articles aforesaid shall be duly respected.

ARTICLE XI

The stipulations of this Convention shall be applicable to all territories wherever situated, belonging to either of the Contracting Parties or under the jurisdiction or control of either of them.

Applications for the surrender of fugitives shall be made by the respective diplomatic agents of the Contracting Parties. In case of the absence of such agents from the country or its seat of government, or where extradition is sought from territory included in the preceding paragraph other than the United States, application may be made by superior consular officers.

It shall be competent for such diplomatic or superior Consular officers to ask and obtain the preliminary arrest of the person whose surrender is requested, before the Government of whom such request is made. The judicial functionaries shall prescribe the method of complying with the legal formalities of the country of which the extradition is requested.

If the fugitive criminal shall have been convicted of the crime for which his surrender is asked, a copy of the sentence of the court before which such conviction took place, duly authenticated, shall be produced. If, however, the fugitive is merely charged with crime, a duly authenticated copy of the warrant of arrest in the country where the crime was committed, and of the depositions upon which such warrant may have been issued, shall be produced, with such other evidence or proof as may be deemed competent in the case.

ARTICLE XII

If when a person accused shall have been arrested in virtue of the mandate or preliminary warrant of arrest, issued by the competent authority as provided in Article XI hereof, and been brought before a judge or a magistrate to the end that the evidence of his or her guilt may be heard and examined as hereinbefore provided, it shall appear that the mandate or preliminary warrant of arrest has been issued in pursuance of a request or declaration received by telegraph from the Government asking for the extradition, it shall be competent to hold the accused for a period not exceeding two months, so that the demanding Government may have opportunity to lay before such judge or magistrate legal evidence of the guilt of the accused, and if at the expiration of said period of two months such legal evidence shall not have been produced before such judge or magistrate, the person arrested shall be released, pro-

vided that the examination of the charges preferred against such accused person shall not be actually going on.

ARTICLE XIII

In every case of a request made by either of the two Contracting Parties for the arrest, detention or extradition of fugitive criminals, the legal officers or fiscal ministry of the country where the proceedings of extradition are had, shall assist the officers of the Government demanding the extradition before the respective judges and magistrates, by every legal means within their or its power; and no claim whatsoever for compensation for any of the services so rendered shall be made against the Government demanding the extradition, provided, however, that any officer or officers of the surrendering Government so giving assistance who shall, in the usual course of their duty, receive no salary or compensation other than specific fees for services performed, shall be entitled to receive from the Government demanding the extradition the customary fees for the acts or services performed by them, in the same manner and to the same amount as though such acts or services had been performed in ordinary criminal proceedings under the laws of the country of which they are officers.

ARTICLE XIV

No person shall be tried for any crime or offense other than that for which he was surrendered.

ARTICLE XV

This Convention shall take effect from the day of the exchange of the ratifications thereof; but either Contracting Party may at any time terminate the same on giving to the other six months' notice of its intention to do so.

The ratifications of the present Convention shall be exchanged at Caracas as soon as possible.

In witness whereof the respective Plenipotentiaries have signed the above articles, and have hereunto affixed their seals.

Done in duplicate, in Caracas, this nineteenth day of January one thousand nine hundred and twenty-two.

[SEAL] JOHN CAMPBELL WHITE
[SEAL] P. ITRIAGO CHACÍN

The undersigned, John Campbell White, Chargé d'Affaires *ad interim* of The United States of America to Venezuela, and Dr. Pedro Itriago Chacín, Minister of Foreign Affairs of The United States of Venezuela, have agreed upon the following Additional Article to the Treaty of Extradition signed by the aforesaid on the nineteenth instant:

It is agreed that all differences between the Contracting Parties relating to the interpretation or execution of this Treaty shall be decided by arbitration.

In witness whereof they have signed the above Article, and have hereunto affixed their seals.

Done in duplicate, in Caracas, this twenty first day of January one thousand nine hundred and twenty-two.

[SEAL]	JOHN CAMPBELL WHITE
[SEAL]	P. ITRIAGO CHACÍN

YUGOSLAVIA

ACQUIESCENCE BY THE DEPARTMENT OF STATE IN A LOAN BY AMERICAN BANKERS TO THE KINGDOM OF THE SERBS, CROATS AND SLOVENES

860h.51/147 : Telegram

*The Minister in the Kingdom of the Serbs, Croats and Slovenes
(Dodge) to the Secretary of State*

[Paraphrase]

BELGRADE, *April 21, 1922—4 p.m.*

[Received April 22—3:22 a.m.]

7. I am informed by the Acting Minister of Finance that the Yugoslav Government has practically concluded a loan for \$100,000,000 at 8 percent with Blair and Co., of New York; loan to be used to redeem dinar paper currency up to \$30,000,000 and the remainder to be used by the Government in the construction of Belgrade-Adriatic and other railways. If the Government decides not to engage upon the construction itself, Blair is to have the construction option.

DODGE

860h.51/153 : Telegram

*The Secretary of State to the Chargé in the Kingdom of the Serbs,
Croats and Slovenes (Boal)*

[Paraphrase]

WASHINGTON, *May 1, 1922—4 p.m.*

11. Your telegram no. 10, April 28, 5 p.m.¹ Telegraph Department whether any part of the \$30,000,000 referred to by Legation in its no. 7 of April 21, 4 p.m., will be used to pay off debts of Yugoslavia to foreign governments or to their nationals. Also what plan is contemplated by the Government for the redemption of dinar currency?

Telegraph a summary of the mail report referred to in your no. 10.

HUGHES

¹Not printed.

860h.51/159 : Telegram

*The Chargé in the Kingdom of the Serbs, Croats and Slovenes
(Boal) to the Secretary of State*

[Paraphrase]

BELGRADE, May 4, 1922—4 p.m.

[Received May 6—10:05 a.m.]

12. Your telegram no. 11, May 1, 4 p.m., and ours of April 21 with respect to claim of Standard Oil Co.^{1a} I was told today by the Acting Minister of Finance that although he was unable to give official Government assurance, lacking full discussion in the Council of Ministers, he was certain that all interest in arrears on American loans as well as the amounts due to American citizens would be paid as soon as the foreign loan was procured, and that this indebtedness would take precedence over all other uses to which the \$30,000,000 advance loan could be put; the Yugoslav Government would, moreover, consolidate the principal of these loans for payment as soon as this action became possible. The Government proposes to buy dinars on exchange with as much as may be required of the \$30,000,000 and then turn them over to the National Bank to be annulled or to be lent against collateral when currency is needed. The Acting Minister also stated that he believes Blair & Co., J. P. Morgan, and Kuhn, Loeb & Co. negotiations for a loan are completed but that signature has been delayed awaiting the opinion of the Minister of Finance and pronouncement from Genoa Conference.

BOAL

860h.51/171 : Telegram

*The Chargé in the Kingdom of the Serbs, Croats and Slovenes
(Boal) to the Secretary of State*

[Paraphrase]

BELGRADE, May 12, 1922—6 p.m.

[Received May 13—10:30 a.m.]

15. My telegram no. 12, May 4, 4 p.m. The Prime Minister sent for me today to ask whether the Government of the United States had given permission either to Blair & Co. or to the Foundation Co. to make a loan to this Government or had instructed me to support either company; he added that he had been advised by the Yugoslav Legation at Washington that this permission was necessary

^{1a} Not printed.

before either company could make a loan. In reply I said that I had had no instructions or information from the Department in regard to this matter.

Boal

860h.51/185 : Telegram

The Secretary of State to the Chargé in the Kingdom of the Serbs, Croats and Slovenes (Boal)

[Paraphrase]

WASHINGTON, May 13, 1922—7 p.m.

12. Legation's telegram no. 12, May 4, 4 p.m.

1. Blair & Co. report that of the first loan installment of \$25,000,000, which is to be issued in the United States, \$10,000,000 is allotted to railroad construction and \$15,000,000 for rehabilitation of existing railways and construction of needed buildings.

2. Bertron, Griscom & Co. report that somewhat less than a third of the authorized 500,000,000 gold francs is to be issued immediately; that the initial issue is to be entirely for productive purposes such as, for example, restoration of railways and port facilities, with exception of a portion which might be used to pay Government debts owed abroad but not including debts owed to foreign governments.

3. The above reports appear to be inconsistent with your advices. Before the Department expresses an opinion to the bankers, it desires a definite report from you in regard to the amount and the purposes of the issue proposed. In addition, you will also inform the appropriate Yugoslav officials that the Government of the United States would be glad to learn the intentions of the Yugoslav Government in regard to the settlement or the refunding of its debt to this Government as soon as may be possible. You will furthermore intimate discreetly that the Government of the United States can not but take into consideration the pending loan negotiations in connection with the indebtedness mentioned above, and add that this Government up to now has had no intimation as to what proposals or representations the Government of the Kingdom of the Serbs, Croats and Slovenes may wish to make in this matter, nor has there been any intimation even as to when negotiations may be begun. In this connection see the Department's circular of April 21, via Paris.² Report by cable as soon as possible.

HUGHES

² Vol. I, p. 398.

860h.51/171 : Telegram

*The Secretary of State to the Chargé in the Kingdom of the Serbs,
Croats and Slovenes (Boal)*

[Paraphrase]

WASHINGTON, May 13, 1922—8 p.m.

13. Your no. 15, May 12, 6 p.m. The Department has received inquiries from Blair & Co., Bertron, Griscom & Co., and Hallgarten & Co., the latter in connection with British associates, asking whether the Department has any objection to make to the proposed Yugoslav loan. You are informed confidentially that the Department has not yet expressed its views in this matter to any of these three firms, and before it makes a reply it is anxious to have your answer to Department's no. 12, of this date.

You will make it clear to the Prime Minister that with respect to competing American banking firms the Department's attitude is one of strict impartiality.

The assent of this Government to foreign loans by American bankers is not obligatory, but the Department desires that they consult it in view of the possible national interests involved.

HUGHES

860h.51/174a : Telegram

*The Secretary of State to the Chargé in the Kingdom of the Serbs,
Croats and Slovenes (Boal)*

[Paraphrase]

WASHINGTON, May 15, 1922—5 p.m.

14. Department's nos. 12 and 13, both of May 13. The banking firms mentioned in the Department's telegram no. 13 have been informed that in the absence of an understanding between the World War Foreign Debt Commission and the Government of the Kingdom of the Serbs, Croats and Slovenes with respect to the refunding and settlement of that Government's indebtedness to the United States, the Department is not able to view with favor the proposed financing.

HUGHES

860h.51/227

*Memorandum by the Foreign Trade Adviser, Department of State
(Young)*

[WASHINGTON,] May 16, 1922.

Mr. Forbes, of Blair and Company, called on Mr. Phillips this morning to discuss further the matter of that Company's interest

in the proposed Yugoslav financing. He was given a copy of the letter addressed to his firm by the Department on May 15th.³

He inquired whether the Department would be willing that his firm, in order to avoid losing out in the business, should make a contract with the Yugoslavs subject to the reaching of an understanding between the Yugoslav Government and this Government in the matter of the debt. Mr. Phillips stated that this would seem inconsistent with the Department's position that it could not view the financing in question with favor in the absence of an understanding regarding the debt. Mr. Forbes inquired whether he could show the Department's letter of May 15th to the Yugoslav Government and Mr. Phillips said that he saw no objection. Mr. Forbes stated that he would take up the matter at Belgrade with the Yugoslav Government, rather than take it up with the Legation at Washington.

A. N. Y[OUNG]

860h.51/175 : Telegram

*The Chargé in the Kingdom of the Serbs, Croats and Slovenes
(Boal) to the Secretary of State*

[Paraphrase]

BELGRADE, May 16, 1922—7 p.m.

[Received May 18—10:50 a.m.]⁴

16. Department's telegrams number 12, May 13, 7 p.m., and number 13, 8 p.m.

1. The Prime Minister has gone to the country and is replaced during his absence by the Minister for Parliament, who informed me today that the Blair offer as now made is 86 percent of \$20,000,000 [\$25,000,000?] cash immediately and 86 percent of \$75,000,000 later, both to bear 8 percent interest, and the total debt of the Yugoslav Government to be \$100,000,000. He also assured me officially that the Government purposes to use this cash loan installment or any other from an American firm as follows: For railroad construction, \$10,000,000, the balance to pay debt to Standard Oil Co.⁵ and the

³Not printed.

⁴Text printed from corrected copy received May 24.

⁵In the spring and summer of 1919, the Standard Oil Co. of New York sold to the Yugoslav Government about \$3,160,000 of refined petroleum, for which the company later accepted that Government's treasury bond for the full amount of the invoices. This treasury note matured on Nov. 2, 1919. About one half the amount of the bond had been paid when payments ceased in August 1920. The Standard Oil Co. requested the Department to instruct the American Legation at Belgrade to assist in expediting the payment of the balance of the defaulted treasury note; as a result of the Legation's representations, another \$400,000 was remitted to the company in March 1921. (File nos. 360h.115 St. 2/5 and 12.)

interest due on Yugoslavia's indebtedness to the United States, the redemption of dinar currency, and constructing Government buildings. Sheldon, representing the Blair Co., is now in Belgrade and is pressing the Government to sign an agreement at once; he states that the terms of the loan as it has been negotiated so far stipulate the same use of the cash installment as that given in paragraph 1 of Department's telegram number 13 [12?]. He adds that of the \$75,000,000, 86 percent will go for railroad construction and 12 percent profit on the purchase of material to go to Blair Co. but that this latter per cent is still under negotiation.

2. The representative here of Bertron, Griscom & Co. and Hallgarten & Co. (former Lieutenant Colonel Kratz) states that their offer is 87 percent of \$30,000,000 cash at once to be used as set forth in Department's telegram number 12, paragraph 2, and 87 percent of \$70,000,000 cash to be furnished later subject to the necessities of the Government and to the security provided. The Acting Prime Minister confirmed this statement.

3. The Acting Prime Minister assured me that without any further delay he would place my communication, based on the Department's circular of April 21, noon,^a before the Council of Ministers in order that I might as soon as possible be furnished with a statement of the Government's intentions and proposals in regard to the refunding of its obligations to the Government of the United States and to the sending of representatives at an early date to the United States to negotiate.

4. I have informed the Acting Prime Minister that the Department's attitude toward competing American firms was that of strict impartiality. Kratz informed me that the following offer was telegraphed the Yugoslav Government this morning by a Belgian firm: 86 percent cash of £20,000,000 at once and to be refunded in 10 years, 86 percent of £10,000,000 for public works later with interest at 8 percent to be refunded in 20 years, the Government's total indebtedness to be £30,000,000.

The Acting Prime Minister, the Minister of Finance, and the Minister of the Interior are in favor of the Blair offer; the remainder of the Cabinet favor Hallgarten and associates. The Parliament is also divided and its ratification of the Cabinet's signature with either the Blair or the Hallgarten interests would be uncertain.

BOAL

^a Vol. I. p. 398.

860h.51/181 : Telegram

*The Chargé in the Kingdom of the Serbs, Croats and Slovenes (Boal)
to the Secretary of State*

[Paraphrase]

BELGRADE, May 23, 1922—4 p.m.

[Received May 24—5 a.m.]

20. Refer Legation's no. 19, May 22[23], 10 p.m.,⁷ paragraph 1. The Minister of Finance has stated in writing today that the Yugoslav Minister at Washington has been sent instructions to make proposals to the World War Foreign Debt Commission for the refunding and settlement of Yugoslavia's indebtedness to the United States; the Minister adds that the Government considers the settlement of this question of the greatest importance.

The Minister has informed me further in writing that his Government expressly undertakes not to use the proceeds of the loan to repay governments other than that of the United States.

The Government's checks for \$200,000 have been placed in the hands of the representative of the Standard Oil Co. here today.

With reference to the Department's telegram no. 17, May 22, 5 p.m.,⁷ the Minister of Finance assures me that his Government will not sign any loan agreement with American bankers before notification from the Department that it offers no objection.

BOAL

860h.51/181 : Telegram

*The Secretary of State to the Minister in the Kingdom of the Serbs,
Croats and Slovenes (Dodge)*

[Paraphrase]

WASHINGTON, May 24, 1922—4 p.m.

18. Your telegram no. 16 of May 16, 7 p.m., your no. 19 of May 23, 10 p.m.,⁸ and no. 20 of May 23, 4 p.m.

The Department understands that you have received formal official assurances as follows:

- (a) Total loan, \$100,000,000;
- (b) \$25,000,000 in the one instance and \$30,000,000 in the other to be issued immediately;
- (c) Of the first installment, \$10,000,000 to be used for railroad construction, the balance to go
 - (1) To pay debt to the Standard Oil Co.;
 - (2) All interest due on the indebtedness to the Government of the United States;

⁷ Not printed.

⁸ No. 19 not printed.

- (3) The redemption of dinar currency; and
- (4) The construction of Government buildings;
- (d) That the Yugoslav Government has expressly undertaken not to use the proceeds of the loan for the repayment of debts to foreign governments other than the Government of the United States; and
- (e) That instructions have been cabled the Yugoslav Minister at Washington to present proposals to the World War Foreign Debt Commission immediately for the refunding and settlement of Yugoslav indebtedness to the United States.

If the above understanding is correct, the Department will notify the interested American bankers that it has no objection to the proposed loan. Please cable confirmation immediately.

HUGHES

860h.51/187 : Telegram

*The Minister in the Kingdom of the Serbs, Croats and Slovenes
(Dodge) to the Secretary of State*

[Paraphrase]

BELGRADE, May 27, 1922—2 p.m.

[Received May 28—12:38 a.m.]

25. Upon receiving your no. 18 of May 24, 4 p.m., I asked the Acting Prime Minister for a written confirmation of the verbal assurances mentioned in the Legation's telegram no. 16 of May 16, 7 p.m. He requested time in which to consult the Cabinet. Today the Minister of Finance, referring to the Acting Prime Minister's statement that a portion of the first installment of the loan would be used for the payment of all interest due on the Government's indebtedness to the Government of the United States, declared that this statement must have been the result of a misunderstanding as it was impossible to do this. After a discussion in which I expressed my profound surprise, the Minister of Finance said that he would consult the Cabinet again and inform me tomorrow.

DODGE

860h.51/188 : Telegram

*The Minister in the Kingdom of the Serbs, Croats and Slovenes
(Dodge) to the Secretary of State*

[Paraphrase]

WASHINGTON, May 28, 1922—2 p.m.

[Received May 29—3:37 a.m.]

26. Department's no. 18, May 24, 4 p.m., Legation's no. 25, May 27, 2 p.m. I have just received from the Minister of Finance a memorandum substantially as follows:

1. Total loan \$100,000,000 to \$120,000,000.
2. First issue \$25,000,000 to \$30,000,000 up to \$50,000,000, according to agreement, to be used for railways and other Government requirements, for redeeming paper dinars, and payment of debt to Standard Oil Co.
3. The Royal Government declares formally that the proceeds of the loan will not be used for the payment of debts to foreign governments.
4. The Yugoslav Minister at Washington has been instructed to get in touch with the World War Foreign Debt Commission for the purpose of settling upon a method for the payment of principal and interest Yugoslav debt to the United States. It goes without saying that the Royal Government recognizes the entire debt and interest and hopes that the American Government will agree to capitalizing the interest. To demand payment of this interest would be unjust since Great Britain and France have not [been] paid, and also in the light of the difficult situation resulting from the war. Payment from the loan of the interest on indebtedness would leave almost nothing for general needs and construction of the Adriatic railway would be impossible. The undertaking set forth in the former note (see Legation's telegram no. 20 of May 23, 4 p. m., second paragraph) was made in expectation that the American Government, as also other foreign governments, would not demand the immediate payment of either debt or interest. The conclusion of an American loan is impossible if this payment be insisted upon.

The representative of Hallgarten and Co. is considering withdrawing his offer because of insufficient security.

Refer to Legation's telegram no. 20 of May 23; the Minister of Finance has renewed verbally to me the assurance given in the fourth paragraph.

DODGE

860h.51/189b : Telegram

The Secretary of State to the Minister in the Kingdom of the Serbs, Croats and Slovenes (Dodge)

WASHINGTON, June 1, 1922—7 p.m.

20. Serbian Minister states Yugoslav Government disturbed by alleged attitude of this Government that interest on debt of Yugoslavia to the United States should be paid out of the proposed loan. At the time question of loan first raised Yugoslav Government had made no reply to this Government in answer to note advising it of formation of World War Foreign Debt Commission^a and inviting

^a Dated Apr. 21, vol. I, p. 398.

proposals as to settlement and refunding of its indebtedness to the United States. Accordingly this Government in inquiring as to purposes of loan asked intentions of Yugoslav Government regarding payment of its indebtedness to foreign governments or their nationals (see Department's 11, May 1, 4 p.m.) and intentions as to settlement of debt to United States (see Department's 12, May 13, 7 p.m.). In response to these inquiries assurance was given to you that proceeds of such loan would be used to pay "interest due on Yugoslavia's indebtedness to the United States." (See paragraph 1, your 16, May 16, 7 p.m.). For this reason and not because of demand by this Government, this purpose was included in our summary (See Department's 18, May 24, 4 p.m.) for which we asked official confirmation in order to avoid any mistake. As it has been explained that this was a misunderstanding and that Yugoslav Government is unable to pay interest on indebtedness to United States out of proceeds from loan, this Government does not desire to make such payment a condition of its action relating to this loan but wishes it to be clearly understood that this attitude does not mean acquiescence in the postponement of the payment of interest, the subject of the indebtedness of the Yugoslav Government to the United States being left without prejudice for the World War Foreign Debt Commission.

It is apparent, however, that if payment of interest to the United States is not included among purposes of proposed loan, a more careful inquiry is needed into the purposes to which it will be devoted. This Government, therefore, must ask further information upon this point. It understands (1) that the proceeds of loan are not to be used to pay principal or interest of indebtedness to other governments; (2) that the first issue of proposed loan is to be from "25 to 30 up to 50 million dollars according to agreement," (your 26, May 28, 2 p.m.); (3) that 10 millions of this first advance will be definitely earmarked for the new railroad construction; that out of the remaining proceeds there will be paid the indebtedness to the Standard Oil Company amounting approximately to \$1,300,000; (4) that the remainder is to be used for purposes which are stated broadly as being "other government requirements and for redeeming paper dinars." It is apparent that redemption of paper dinars would not preclude re-issue later, as has been done by other governments. According to information contained in your despatch 1347, May 8,¹⁰ redemption of dinars might not mean more than repayment of debt to National Bank and temporary improvement of exchange. Department is not convinced of the utility of contemplated plan in

¹⁰ Not printed.

the absence of definite provisions for avoiding future arbitrary increases in the currency and for stabilization of exchange. In your 16, May 16, 1922, you stated that further object was "constructing government buildings". This is indefinite and may not reflect imperative exigency. It is the view of this Government that the proceeds of loans floated here by governments indebted to the United States that insist upon their inability to pay accrued and current interest should be expended only for clearly productive purposes which will aid in economic recuperation, and not for purposes that would facilitate unprofitable governmental expenditures where sound policy requires economic retrenchment.

The Yugoslav Minister has been informed of substance of above. Ascertain as definitely as possible to what ends the proceeds other than those for railway construction and for Standard Oil payment are to be devoted and in what amounts.

The action of this Government will be determined by the information furnished and will be entirely without prejudice to action regarding any future instalments of proposed loan.

HUGHES

860h.51/192a : Telegram

The Secretary of State to the Minister in the Kingdom of the Serbs, Croats and Slovenes (Dodge)

[Paraphrase]

WASHINGTON, June 4, 1922—1 p.m.

22. With reference to Department's no. 20, June 1, 7 p.m., Blair & Co. informed the Department this morning that their representative had informed them that the Yugoslav Government had accepted their bid and had refused the Hallgarten bid, and that he had been invited to appear to conclude the business today.

While Blair & Co. have not been advised definitely that the Yugoslav Government has signed the loan agreement, the Department is reluctant to believe, in view of the assurances expressed in the last paragraph of your no. 26, May 28, 2 p.m., that the Yugoslav Government would not sign any agreement with American bankers until after an expression of the Department's views in the matter, that the signature has taken place. The Department has so advised the Serbian Minister here.

HUGHES

860h.51/191: Telegram

*The Minister in the Kingdom of the Serbs, Croats and Slovenes
(Dodge) to the Secretary of State*

BELGRADE, June 5, 1922—8 p.m.

[Received June 6—11:57 a.m.]

27. Your 20, June 1, 7 p.m., 21, June 2, 2 p.m.¹¹ In reply to paraphrase of former which I handed to him Minister of Finance sent me letter stating:

"1. Proceeds loan not to be used to pay principal or interest indebtedness to other governments.

2. First issue to be 25 to 30 million dollars.

3. Ten million first issue for construction new railways or repair existing lines and rolling stock.

4. From remaining proceeds entire debt Standard Oil to be paid and

5. Remainder to be used: (a) for Government needs and vacation [*vacating?*] of ministries in order to save rent payments and vacated private premises now causing [*sic*] house shortage, (b) for retiring from circulation certain amount of paper money to improve exchange. There is no danger Government will again increase currency circulation since for eight months there has been no issue. Government cannot furnish exact figures these expenditures on account of fluctuating exchange but assures Government of the United States that object of loan is to assist economic revival, increase production and remove effects of war destruction.["]

In reply to my request for further details regarding expenditure mentioned, 5, Minister of Finance wrote second letter:

"Remainder means that large portion remaining after satisfying necessary and production needs such as construction ministries will be used for retiring largest possible amount of paper money. Cost of public buildings cannot be specified. Regarding money retirement, new issue could not be made without law of Parliament and consent National Bank, both of which unlikely. Strictly speaking, indebtedness of the Jugo-Slav Government to Government of the United States is left without prejudice for World War Debt Commission.["]

At a subsequent interview Minister of Finance declared emphatically he was unable to furnish more detailed information owing to fluctuating prices and uncertain requirements of government but entire loan would be used for necessary productive purposes in excess of ordinary needs already assured from revenues.

Your 22, June 4, 1 p.m. Hallgarten bid refused and Blair loan contract signed last night conditionally on approval of Government of the United States. Contract also signed simultaneously Railway

¹¹ No. 21 not printed.

and Port Construction Company, Guernsey corporation, represented by Sheldon, Blair agent, and Praportchetovich, regarded as the same loan and construction Adriatic railway. Copies both contracts received from Sheldon who states Blair communicating them to the Department.

[No signature indicated]

860h.51/192 : Telegram

*The Minister in the Kingdom of the Serbs, Croats and Slovenes
(Dodge) to the Secretary of State*

BELGRADE, June 6, 1922.

[Received 9:55 p.m.]

28. My 28 [27], [June] 5th.

Following additional statement just received from Finance Minister is telegraphed textually and clear at request Sheldon for Department's information and transmission to Blair & Co., New York:

"Of the \$100,000,000 of the loan, \$30,000,000 are reserved for the general needs of the kingdom, \$70,000,000 for the construction of a railroad from Belgrade to the Adriatic and of a terminal port and for their equipment. The proceeds of the first issue of \$25,000,000 are destined for purposes directly or indirectly productive, indispensable to the economic reconstruction of country. (A) \$10,000,000 par value are destined for the construction of the Adriatic railway and its port. (B) \$15,000,000 par value are destined for general needs; especially, \$1,300,000 par value to reimburse the Standard Oil Co., \$10,000,000 approximately for rehabilitation of existing railways and their equipment, for railway and bridge construction and for the construction of Government buildings rendered necessary by increase in size of country, and for purchase of raw materials. Balance to repay in part advances by National Bank and to provide fund for stabilization of the dinar. (It is to be noted that amount of bank notes which National Bank may issue is expressly limited by law of February 1st, 1920.)

No part of the money provided by sale of first issue of \$25,000,000 shall serve to reimburse any debt whatsoever contracted previously by kingdom outside of United States of America.

It should be noted that there do not exist in Belgrade Government buildings to house ministries and other public service; houses which hardly sufficed for needs of prewar Serbia with a population of 3,000,000 have become absolutely insufficient for kingdom of 13,000,000 people. Furthermore all public services are actually installed in private buildings separated one from other and co-ordination of services cannot be secured.

On other hand there is urgent need that these private buildings should be returned to their proper uses. Construction of adequate Government buildings therefore is absolutely necessary to insure good administration both from point of view of management and

finance. The interest charge on part of loan employed in these constructions furthermore will be less than amount of rent actually paid for occupation of private buildings”.

Sheldon states Finance Minister will take no steps to submit loan contract to Parliament until Department's consent to loan received.

Dodge

860h.51/192 : Telegram

The Secretary of State to the Minister in the Kingdom of the Serbs, Croats and Slovenes (Dodge)

WASHINGTON, June 8, 1922—5 p.m.

23. Your 27, June 5, 8 p.m. and 28, June 6 received.

(1) Department desires it clearly understood by Yugo-Slav Government that \$100,000,000 loan is not now under discussion, but rather a \$25,000,000 loan to be expended as stated in your 28, and understands that “additional statement”, quoted in your 28, is in the form of a written communication addressed to you by the Finance Minister, and that this additional statement is to be substituted for statement in your 27, June 5, 8 p.m., in so far as divergencies may exist. Department realizes difficulty of furnishing exact figures regarding usages of loan but desires in writing as definite information as possible in round numbers, as follows:

(2) What amount, in addition to \$10,000,000 par value for construction of Adriatic railway and port, would be devoted to (a) “rehabilitation of existing railways and their equipment” and (b) “railway and bridge construction”?

(3) What amount would be devoted to construction of government buildings?

(4) Where would raw materials be purchased; what kinds, for what purposes and what value?

(5) Department desires to know specifically what amount would be devoted to repaying National Bank and for dinar redemption. Figures in enclosure to your despatch 1288, March 16,¹² do not bear out statement of Finance Minister that currency circulation is limited by law of February, 1920, and that circulation has not lately increased.

(6) What amount would be devoted to exchange stabilization?

(7) Are any interests other than American connected with companies mentioned last paragraph your 27? If so, give names and state nature and proportion of their participation. See Legation's 10, of April 28, 5 p.m.,¹² relative participation French interests.

¹² Not printed.

(8) In view of repeated assurances, express Department's surprise and regret that Yugoslav Government should have signed loan contract in advance of statement that Department offers no objection. See your 20, May 23, 4 p.m., paragraph 4.

HUGHES

860h.51/204 : Telegram

*The Minister in the Kingdom of the Serbs, Croats and Slovenes
(Dodge) to the Secretary of State*

BELGRADE, June 11, 1922—1 p.m.

[Received June 12—5 a.m.]

29. Your 23 June 8, 5 p.m., immediately communicated to the Minister of Finance who after prolonged discussion and continued pressing finally agreed to send me information desired and has now sent me three letters substantially as follows:

First letter:

"Following figures are evidently approximate owing to great price fluctuations everywhere: in addition to \$10,000,000 for the construction Adriatic railway and port another 10,000,000 will be expended as follows:

- A. Purchase of railway ties 1,000,000;
- B. Locomotive and car repairs 3,000,000;
- C. Purchase of bridges for existing railways 2,500,000;
- D. Enlargement of railway stations 600,000;
- E. Ministry of Communications buildings 800,000;
- F. Other ministries buildings 1,500,000;
- G. Raw materials and necessary spare parts for railway repair shops 600,000.

Raw materials will be purchased partly in Jugo Slavia, partly wherever most advantageous and will serve principally as material for repairs existing railways.

\$2,000,000 for repaying National Bank, which means dinar redemption, that is, purchase of paper money. It is National Bank for government needs paper money, which Government needs [*sic*]. Government needs have not increased since December 1921 and law February 1920 is latest law governing matter. Credits provided by it cannot be increased without new law, to which Government does not intend to resort, and consent of National Bank.

1,700,000 for exchange stabilization.

Since I have stated Blair contract signed conditionally on approval Government of the United States I seize the opportunity to repeat this. I think Jugo Slav Government acted correctly and has no reason to express regret for act of current usage in international relations.

It is understood entire Standard Oil debt will be paid as provided by special arrangement concluded for this purpose.["]

Second letter :

"Department's telegram mentions 25,000,000 loan while contract provides for 30,000,000 issue. Please so inform your Government so that its approval applies to 30,000,000. If issue 30,000,000 figures first letter would be increased proportionally. Figures mentioned will be stated in law to be voted by Parliament.["]

Third letter :

"I repeat, no funds from the first issue of 25,000,000 will be used for payment principal or interest of any debts or loans previously contracted by Yugo Slav Government outside of United States of America."

Minister of Finance states unable to inform regarding non-American interests companies mentioned last paragraph my 27 but Bénard, as Sheldon now gone, has furnished me following signed statement:

"No foreign interest in loan which is wholly reserved for Blair. Railway and Port Construction Company has capital of £120,000 par value. Blair owns majority stock and has control of and appointment four of seven directors. Remainder of stock owned by Régie Générale of Railways, Bénard Brothers, both French, and Serbia group represented by Praportchetovitch each having appointment one director."

Bénard states Colonel Poland to be chief engineer and that he has no further data here but that Blair will furnish Department full information.

Minister of Finance states verbally increase in circulation since December, shown my despatch number 1388,¹⁸ owing solely to increase notes issued by National Bank on its own account and for which Government is not responsible.

DODGE

860h.51/206d : Telegram

The Secretary of State to the Minister in the Kingdom of the Serbs, Croats and Slovenes (Dodge)

WASHINGTON, June 13, 1922—6 p.m.

25. Inform Government to which you are accredited that this Government has no objection to the proposed loan on the terms stated in your telegram No. 29, June 11, 1 p.m., for the amount of \$25,000,000. Any additional sums will have to be subject of separate consideration. American bankers, mentioned in Department's telegram No. 13, of May 13, 8 p.m., informed.

HUGHES

¹⁸ No. 1288, Mar. 16, not printed.

860h.51/225d

The Secretary of State to Messrs. Blair and Company

WASHINGTON, June 15, 1922.

GENTLEMEN: I desire to confirm the telegram addressed to you by this Department on June 13, as follows:

"Referring to my telegram of May twenty-five, the Department, in the light of the information before it and in view of the assurances received from the Yugoslav Government, regarding the objects and uses of the loan proceeds, has no objection to the proposed loan in the amount of Twenty-five Million Dollars. Any additional sums will have to be subject of separate consideration".

There is enclosed for your further information a statement summarizing the assurances received from the Yugoslav Government with respect to the purposes and uses of the proceeds of the proposed loan in the amount of \$25,000,000. Understanding that the proceeds of the loan will be used in the manner outlined in the attached memorandum, this Department, in the light of the information before it, offers no objection to the proposed financing. You of course realize that this Department, in expressing the above opinion, assumes no responsibility in the matter, and does not in any way pass upon the merits of the proposed financing as a business proposition.

It is understood by the Department that the proposed Railway and Port Construction Company, which it is proposed to incorporate in Guernsey on account of its international character and for taxation purposes, will be controlled by your firm, and that all of the loan will be floated in the United States. Furthermore, it is understood that it is proposed to provide a differential of 5% in favor of American firms that may desire to bid on the above-mentioned work.

I am [etc.]

For the Secretary of State:

LELAND HARRISON

Assistant Secretary

860h.51/255

The Yugoslav Minister (Growth) to the Secretary of State

P No. 319

WASHINGTON, July 13, 1922.

SIR: By my letter of June 15th last, P No. 260,¹⁴ I have had the honor to inform you that out of the proceeds of the loan of \$25,-

¹⁴ Not printed.

000,000 by American bankers to my Government there would be appropriated, among other items,

1. Repaying debt advances made by the National Bank, which means redemption of dinar paper currency, \$2,000,000.
2. For exchange stabilization \$1,700,000.
3. For erection of buildings for Ministries other than the Ministry of Communications, \$1,500,000.

I have been informed now by my Government that the Committee of Finance of the National Skupstina (Parliament) has prepared the draft of bill concerning the loan which has to be passed by the Parliament, and has amended the appropriations above mentioned so that the whole amount of the sums effected to repaying debt advances made by the National Bank and for exchange stabilization, together with \$1,000,000 out of the appropriation for the erection of buildings for Ministries—\$4,700,000 altogether—should be used instead for repair and construction of highways, for repair and construction of hospitals and for erection of buildings for primary education.

I have been instructed to request the authorization of the United States Government for this amendment and to point out that the new uses to which the sum in question will be put are of an entirely productive character and in the opinion of the Royal Government would answer better to the intentions of the United States Government concerning this loan.

I will be very much obliged to you, Sir, if you will be kind enough to inform me at your earliest convenience of the decision of the United States Government concerning this matter.

Accept [etc.]

S. Y. GROUTCH

860h.51/255

The Secretary of State to the Yugoslav Minister (Growitch)

WASHINGTON, July 14, 1922.

SIR: I have the honor to acknowledge the receipt of your note of July 13, 1922, in which you informed me that your Government desires to employ \$4,700,000 of the proceeds of the loan of \$25,000,000 recently made to your Government by American bankers for repair and construction of highways, for repair and construction of hospitals, and for erection of buildings for primary education, instead of applying that sum to repay the debt advances made by the National Bank in the amount of \$2,000,000, for exchange sta-

bilization in the amount of \$1,700,000, and for erection of buildings for Ministries other than the Ministry of Communications in the amount of \$1,000,000, (the amount of \$1,500,000 which previously it was intended to devote to the last mentioned end being reduced by \$1,000,000).

In reply to your inquiry concerning the attitude of this Government in the matter, I take pleasure in advising you that this Government perceives no objection to the change in the employment of the proceeds of the loan in question as set forth in your note under acknowledgment.

Accept [etc.]

CHARLES E. HUGHES

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